LM Glasfiber Holding A/S Annual Report 2007

Consolidated financial highlights 2003-2007

DKKm (unless otherwise stated)	EURm* 2007	2007	2006	2005	2004	2003
Income statement						
Revenue	578	4,310	3,539	2,469	2,254	1,710
Operating profit before depreciation and amortisation (EBITDA)**	75	559	796	416	513	343
Operating profit before depreciation and amortisation (EBITDA)	(9)	(67)	599	330	513	203
Operating profit before goodwill amortisation (EBITA)	(40)	(297)	401	160	331	37
Ordinary operating profit/(loss)	(42)	(312)	616	252	331	69
Operating profit/(loss) (EBIT)	(40)	(297)	401	160	331	(69)
Financial income and expenses, net	(18)	(135)	(181)	(144)	(202)	(231)
Profit/(loss) before tax	(58)	(433)	221	17	129	(300)
Profit/(loss) for the year	(42)	(311)	145	(16)	67	(264)
Balance sheet						
Total assets	723	5,388	4,337	3,788	3,615	3,508
Goodwill on consolidation	244	1,821	1,821	1,821	1,830	1,834
Equity	185	1,380	1,691	800	819	27
Subordinated debt***	1	11	10	727	659	1,310
Other net interest-bearing debt	205	1,528	1,026	1,219	1,251	1,396
Cash flows						
Cash flows from operating activities	2	18	505	412	294	111
Cash flows from investments in property, plant and equipment	(75)	(559)	(281)	(350)	(169)	(143)
Cash flows from financing activities	73	543	(86)	(106)	(130)	(77)
Employees						
Average number of employees	4,771	4,771	3,173	2,532	2,388	2,137
Key ratios						
EBITDA margin** (%)	13.0%	13.0%	22.5%	16.9%	22.8%	20.1%
EBIT margin (%)	-6.9%	-6.9%	11.3%	6.5%	14.7%	-4.0%
Return on invested capital, including goodwill (%)	-12.3%	-12.3%	16.1%	6.3%	12.8%	-2.5%
Return on invested capital, excluding goodwill (%)	-49.5%	-49.5%	60.0%	22.5%	44.4%	4.7%
Solidity (%)	25.6%	25.6%	39.0%	21.1%	22.7%	0.8%
Return on equity (%)	-20.3%	-20.3%	11.6%	-2.0%	15.9%	-161.1%

* Translated using the year-end exchange rate for 2007: 7.4566

** Before special items

*** Loans from shareholders and other long-term loans guaranteed by shareholders

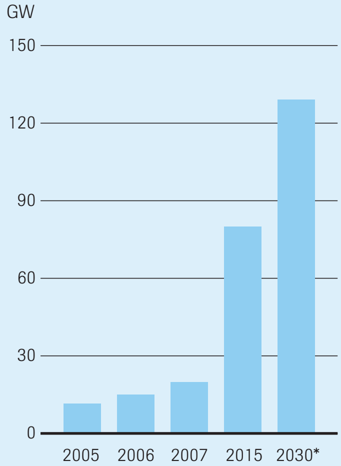
Winds of change

Wind energy markets continued to boom in 2007, as global installed capacity grew by 27% to surpass 94 GW by the end of the year. The United States continued to lead the way in terms of new developments, expanding its wind power generating capacity by 45% during the year equal to almost a third of the total new power generating capacity in the country. Growth in new installations also accelerated in Asia, most notably in China and India. China added 3.3 GW during 2007 - representing an increase of over 146% compared to 2006 - while India lifted its capacity by almost 1.6 GW. Europe remains the leading market for wind power, representing over 65% of the world's total capacity. Its dominance is declining, however, as other regions are catching up. For the first time, Europe accounted for less than half of new capacity additions in 2007, down from nearly three-quarters in 2004.

Several important factors will combine to drive accelerated growth in wind power installations in the years ahead. First, rapidly increasing global electricity demand, coupled with the need to replace older generating capacity, will continue to benefit the power sector in general. In the International Energy Agency's (IEA) reference forecast, global power demand is expected to almost double between 2005 and 2030, representing a compound anual growth rate of 2.8%. Much of this growth will be driven by non-OECD countries, with China and India together accounting for 45% of the expected global demand increase up to 2030. During the same period, a significant part of many OECD countries' existing power will need to be replaced or refurbished.

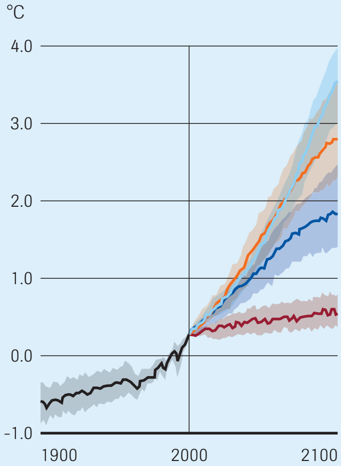
Second, the sharply increased focus on combating climate change acts as a powerful stimulus to the wind power industry and other renewable energy sources. There is widespread scientific agreement that the mean global temperature has risen as a result of human activity. According to the Intergovernmental Panel on Climate Change (IPCC),

Global wind power development

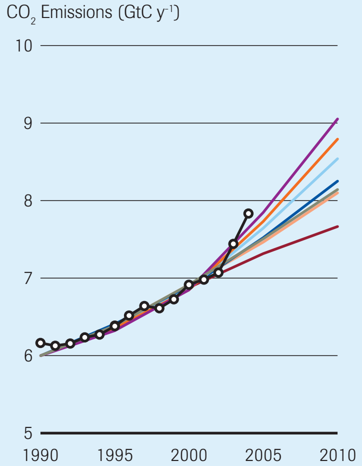


Source: BTM, World Market Update 2007
*GWEC, World Energy Outlook, Advanced scenario

Development in global mean temperature



Development in greenhouse gas emmissions



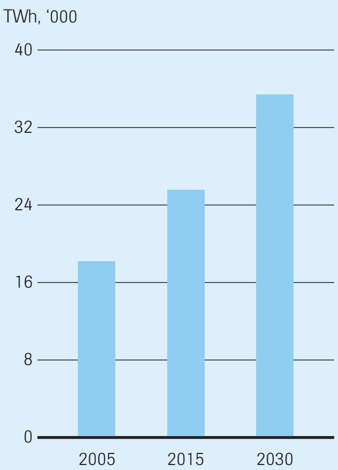
Actual emissions: EIA   Constant Y2000 concentration   20th century
Different growth and energy mix scenarios: A1FI   A1B   A1T   A2   B1   B2

Source: IPCC Fourth Assessment Report (AR4), 2007 greenhouse gas emissions will increase by 25-90% in the next 25 years if action is not taken immediately to halt the development. This would cause global temperatures to rise further, potentially creating catastrophic environmental problems. In order to counteract this scenario, the IPCC reckons that global emissions need to be reduced by at least 50% by 2050. The power sector currently accounts for over 40% of global CO_2 emissions. If nothing is done to change the fuel mix, CO_2 emissions from power generation will increase by more than 60% by 2030.

Third, security of energy supply has grown to become a major concern for many countries. Over half of the world's proven gas reserves are found in just three countries: Russia, Iran and Qatar. While OECD countries control only 8% of known gas reserves, they account for over half of global consumption. Similarly, OECD countries account for almost 60% of global oil consumption, while they have just 7% of reserves. Since 2000, oil prices have quadrupled. Gas prices will inevitably also increase as European and North American resources are depleted and the more expensive Liquid Natural Gas (LNG) gains in importance. Coal prices are still low, but the increasing price of emitting CO_2 will adversely affect the economics of coal. New "clean coal" technologies will significantly increase the cost of producing electricity from coal.

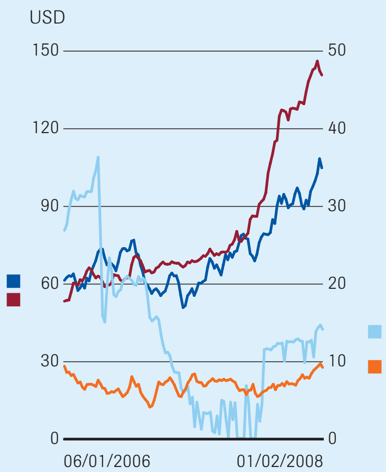
Finally, the economics of wind power have improved dramatically, in large part due to technological innovation. A modern wind turbine produces 180 times more electricity at less than half the cost per kWh than the most efficient turbine 20 years ago. The maturing of the wind power industry has led to more efficient value chains and growing economies of scale. In some circumstances, wind power is already competitive with both coal and gas-fired power. As the price of emitting CO_2 rises, the relative cost position of wind power is set to improve even further.

Development in global electricity demand



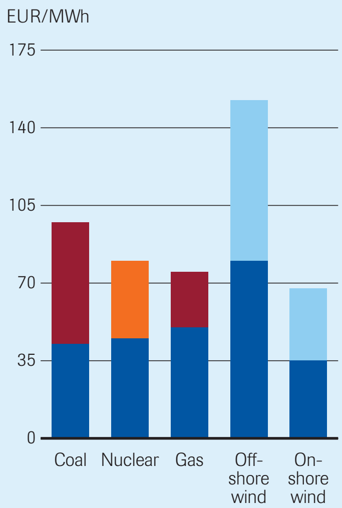
Source: IEA World Energy Outlook 2007, Reference scenario

Energy and CO_2 emission prices



Carbon Dioxide (EU Allowance Spot $/mt)
Natural Gas (Henry Hub Spot $/mmbtu)
Coal (API2 Futures $/mt)
Oil (Crude Oil – North Sea Brent $/barrel)

Competitiveness of wind power



Windspeed
Range
CO_2 spread
Baseprice

Source: Windpower Monthly January 2008

Highlights for 2007

4.3

billion DKK record sales

2,222

new jobs created worldwide

105,500

blades produced by end of 2007

22%

increase in sales

3

new blade factories opened

47

million tonnes of CO_2 saved by turbines powered by LM Blades in 2007

In the event of any discrepancy between the Danish-language and the English-language version of the Annual Report 2007, the Danish-language version shall prevail.

In the 21st century, energy is a global issue. We are faced with an energy crisis. The vast majority of the electricity that we use today is still generated from finite resources such as coal, gas and oil. And in the past 100 years we have consumed over half of our known oil reserves.

With the current energy mix, power generation accounts for 41% of global CO_2 emissions – this makes power generation one of the primary drivers of climate change.

Together we turn wind into clean power

2007 was a year of great significance for the wind power industry. It marked the year when the climate change issue took centre stage all over the world. The Intergovernmental Panel on Climate Change (IPCC) reports shed new light on the severity of the challenge with an immense impact on public perception. Climate change is today widely regarded as one of the greatest challenges facing humanity.

What is clear today is that great hope is placed in a significant increase in the use of renewable energy, including wind power. Electric utilities are facing an unprecedented need to diversify their generation portfolios and reduce the dependence on fossil fuels. Rising forward prices for CO_2 allowances is a powerful incentive to reduce emissions for European utilities, and new cap-and-trade systems are being considered in many countries. Wind power is a mature and competitive alternative to conventional energy sources, and has already been deployed in large scale in many countries. During 2007 alone, our blades helped save the environment the equivalent of 47 million tonnes of CO_2.

As I pointed out in my review last year, wind power has grown faster than any other energy source in the past decade. This development has put enormous strain on the industry supply chain. Growing pains are apparent throughout the industry, as demand far exceeds current capacity. The wind power value chain is highly complex, spanning project development, the supply of components, turbine manufacturing and wind farm operations as well as maintenance. In order to successfully deliver on the great expectations people place on our industry, many different stakeholders need to align their initiatives in a concerted effort. We strongly believe that the challenges facing our industry can be most effectively addressed through mutually beneficial, long-term partnerships between highly specialised players. This belief is reflected in our vision: Together we turn wind into clean power.

Together is a key word. LM Glasfiber's focused business model builds on our unique ability to cost-effectively integrate and leverage knowledge, technology, resources and relationships. Our ability to build truly effective partnerships - with suppliers and customers, as well as within our own organisation - is essential to achieving the objectives we have set ourselves in our comprehensive corporate transformation programme REACH, launched in 2006 and further expanded in 2007. It addresses five areas which will be critical to our future success: Realise our quality potential, Excel in growth and innovation, Accentuate customer relations, Create world-class people and processes and, in the medium to long term, Harvest cost leadership potential. It is through continuous improvements in these five key areas that we will consolidate our position as the leading global independent supplier of advanced rotor blades, with a target share of more than a third of the global market in 2012.

Thanks to a remarkable team effort, involving all functional areas and units, 2007 was indeed a year of great transformation in the face of difficult growth challenges for us and for our customers. I would like to extend my gratitude to all our employees for their hard work and commitment, as well as to our customers for their support. We successfully brought three new factories online in 2007. Also, we significantly raised throughput in our existing plants, while strengthening quality control and performance. We created 2,222 new jobs, bringing the total number of employees to 5,905 at the end of 2007.

Despite the tangible progress we achieved in 2007, we acknowledge that our results fell short of our expectations. While our revenue increased by 22% to DKK 4,310 million, we reported an operating loss of DKK 297 million mainly due to delays in the capacity expansion programme in our Spanish operations, resulting in excessive operating and logistics costs.

Fulfilling our commitments to our customers by putting quality and on-time delivery first is always given top priority in LM Glasfiber. And this is the strong foundation we build on for 2008, when our progress in 2007 will allow us to grow faster and more profitably as we continue to REACH for the stars.

Roland Sundén
Chief Executive Officer

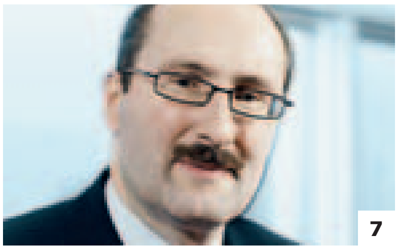

1

2

3

4

5

6

7

8

9

10

11

12

Group Management in LM Glasfiber

1 Frank V. Nielsen
VP, Research & Development
Previously held positions as manager of Vestas Blade factories and group production development manager at Vestas Wind Systems.

2 Randy L. Fox
VP, General Manager, North America
Previous broad experience in operational management including Director of Operations at Danaher Corp.

3 Roland Sundén
Chief Executive Officer
Previously held senior executive positions at CNH Case New Holland, Volvo Construction Equipment, Henlys & Volvo Bus Corporation, Volvo Aero Corporation and Allied Signal.

4 Niels-Jørgen Koed
VP, General Manager, Northern Europe
Previously held senior management positions at NKT/ITV in Denmark.

5 Michael Hakes
VP, Human Resources
Previously held international, senior human resource management positions at Faurecia and Johnson Controls.

6 Raffaele Muscetta
VP, Global Sourcing and Logistics
Previously worked for Procter & Gamble and Schlumberger in different supply chain and sourcing positions on a worldwide level.

7 Jørgen D. Gade
VP, Chief Financial Officer
Previously served as financial director at ABB Denmark.

8 Søren F. Knudsen
VP, Chief Commercial Officer
Previously served as sales manager at Gram Equipment A/S.

9 Lin Qi
VP, General Manager, China
Previously held senior management positions at GE Industrial Automation, China and Foss and Schneider Electric in China.

10 Kenneth L. Kaser
VP, Global Manufacturing
Previously held senior management positions at GE Global Wind Services, GE Wind Energy, GE Steam Turbine Production Center of Excellence and GE Power Generation.

11 Nirmal Kumar Gupta
VP, General Manager, India
Previously held senior management positions at STI Sanoh India, Escorts JCB India and Larsen & Toubro in India.

12 Claus-Peter Starey
VP, General Manager, Southern Europe
Previously held management positions within the international divisions of Faurecia.

Financial performance

Income statement

LM Glasfiber's revenue amounted to DKK 4,310 million in 2007, corresponding to an increase of 22% compared to 2006. The sales increase was driven by booming wind energy markets. All LM Glasfiber's geographical segments contributed to the sales increase, but the North American and Chinese markets recorded especially strong growth. Healthy growth was also achieved in the Spanish market, but we did not manage to increase our capacity with sufficient speed to benefit from this buoyant trend. As a result, our combined growth in sales was lower than our April 2007 guidance of an increase of 25%.

Operating income fell from DKK 401 million last year to a loss of DKK 297 million. The decline was due primarily to delays in our scheduled capacity increases in Spain. It turned out to be much more difficult than expected to recruit and train approximately 700 new employees for our factory in Ponferrada and the new plant in Castellon. Shipments to our customers were postponed due to significantly delayed start-ups. To compensate for these issues, we manufactured blades for the Spanish market in several of our other factories in Europe, North America and Asia. These activities involved substantial costs, but it was necessary for us to meet our obligations towards our customers. The scheduled capacity increases in Spain have now been completed, and the factories reached their highest level of efficiency ever at the end of 2007. The financial performance for 2007 was also impacted by start-up costs related to our first factory in Little Rock, USA, which was commissioned in January 2008, costs of additional expansions and the training of employees for introducing weekend shifts in a number of our facilities at the beginning of 2008 to further increase our capacity. Provisions for the retrofitting of delivered blades with defects also substantially reduced the financial performance.

Net financial expenses were reduced by DKK 45 million to DKK 135 million in 2007, primarily because of lower interest rate expenses due to the refinancing of the Group's bank debt to more favourable terms in April 2007. LM Glasfiber reported a loss before tax of DKK 433 million, against a profit before tax of DKK 221 million in 2006.

Balance sheet

Capitalised goodwill on consolidation was unchanged at DKK 1,821 million at 31 December 2007. The deferred tax asset increased to DKK 473 million from DKK 313 million at 31 December 2006. As in previous years, management has assessed whether the value of goodwill on consolidation and the deferred tax asset is intact and correctly valued. The assessment was made according to IAS 36 based on anticipated future earnings.

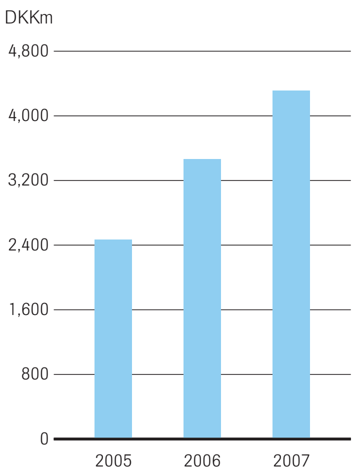
Working capital amounted to DKK 100 million at 31 December 2007. This amount corresponds to 2.3% of revenue in 2007, compared with 2.8% in 2006.

The Group's interest-bearing net debt amounted to DKK 1,539 million at year-end 2007, which represents a 49% increase from DKK 1,036 million in 2006.

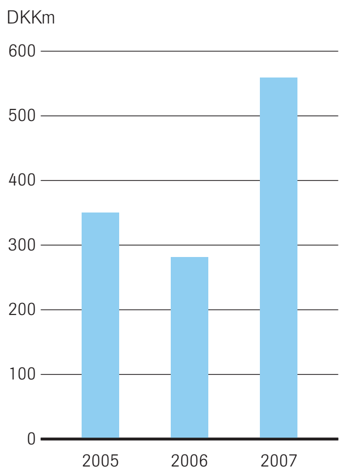
Cash flow statement

Cash flow from operating activities amounted to DKK 18 million in 2007, compared with DKK 505 million in 2006. The decline was mainly due to the adverse trend in operating income.

Revenue



Investments in property, plant, equipment and intangible assets



Investing activities generated a combined cash outflow of DKK 545 million in 2007, an increase from DKK 288 million in 2006. Key investments in 2007 included new factories in China, India and Spain and additional capacity increases in North America and Spain.

Net cash inflow from financing activities increased by DKK 629 million to 543 million in 2007.

The LM Glasfiber Group's financial reserve (cash plus undrawn credit facilities) stood at DKK 489 million at the end of 2007.

Capital and cash resources

The capacity growth projected for 2008 and the following years will require a significant investment in capital expenditure.

We are currently exploring external sources of additional financing with our existing lenders and shareholders.

Outlook for 2008

Based on a very large backlog of orders for 2008 and the years ahead, we project strong growth also for 2008. In addition, forecasts for the next few years are very positive for the wind power industry.

Responding to strong demand, we are currently building new factories in the USA and Poland, in addition to expanding our existing capacity in Denmark and China. The new manufacturing facilities will be commissioned during the second half of 2008. Additional factories are currently being considered. In the near term, the strong increase in capacity will have an adverse impact on our earnings in the form of start-up costs.

For 2008, we expect a significant increase in sales and operating margins.

Business risks

General risks

LM Glasfiber is dependent on relatively few key customers. A decline in orders placed by one or several of our key customers could adversely affect our performance. Such an event could be triggered by a significant decline in a customer's market share or a decision by a customer to change sourcing strategy. However, historically, we have succeeded in protecting our market share in the face of such events. In the rare cases where we have lost customers, or been faced with lower order volumes from current customers, we have managed to quickly find new customers to make up for, or even increase, our sales. Given the limited number of players in the wind power industry, we believe that we have a relatively broad customer base, consisting of more than 20 wind turbine manufacturers worldwide.

The wind power industry continues to rely on government support and approval procedures. We believe that the industry's geographic diversification and improved economics of wind power relative to other energy production technologies will further reduce future reliance on government subsidies. In order to defend and strengthen our market position, we will continue to adapt our blade designs to needs that arise in the market as well as develop new blade concepts for larger and more efficient wind turbines. LM Glasfiber has a strong track record of continuously launching innovative, large and highly competitive blades.

The global wind power industry is currently facing strong growth, and forecasts for the next few years are very positive. Demand swings in regional markets may however necessitate significant manufacturing capacity adjustments.

The industry's geographic diversification creates a demand for setting up new local blade manufacturing facilities in growth markets. Rapid technological advances and the broadening of our customer base have driven a rapid commercialisation of new blade designs. In the light of these and other continuing changes, a proactive management of operational risk to prevent temporary lapses in product quality is paramount. We took some important actions in 2007 in order to further reduce these risks, including the implementation of Firewalls to ensure product quality at different stages of the production process, an improvement of process capability in a large number of processes and the further development of our quality management system.

A thrust for quality

As part of our overall business transformation, 2007 was characterised by a sweeping quality initiative. The focus was on further reinforcing manufacturing processes and ensuring consistency across all our plants.

Securing consistently high quality of all our delivered blades is LM Glasfiber's most important priority. It also constitutes a special challenge at the current stage of our development, as we continue to scale our business and increase our workforce at a fast pace. As a natural consequence of our strong growth a significant proportion of our employees have been with us for less than a year. In order to ensure that we can continue to scale our business quickly, while maintaining high product quality, focus has been on ensuring that robust production processes are fully deployed in all parts of our organisation.

The organisational thrust for quality engaged every area of LM Glasfiber in 2007. Continuous improvement projects were initiated in 2006, and further expanded during 2007, in a number of key areas: production process and control, reporting systems, training, and raw materials procurement. By focusing on a number of critical quality factors, substantial improvements were achieved in 2007.

LM Glasfiber's Quality Task Force (QTF) teams, established in 2007, constitute an important vehicle for disseminating knowledge across our entire network of plants.

Experienced engineers and operators, applying Lean Six Sigma principles, are assigned to specific quality projects together with "quality owners" from local plants.

In 2007, we also introduced a Group-wide reporting system for key quality measures, the overall aim of which is to continuously strenghten process capability as well as manufacturability of future designs. A number of "Critical to Quality" measures (CTQs) are documented at various stages of the production process. Regular assessments of the data on both the plant and global levels support the implementation of best practice at critical steps of the production process.

Since quality ultimately depends on the skills of our people, we also leverage this type of production and quality data in the area of training. The information allows us to pinpoint areas in each factory where targeted training carries the highest potential.

The importance of our global training and mentoring programme was underlined in 2007, as more than 2,222 new jobs were created, the vast majority in manufacturing.

Securing reliable access to raw materials that meet our stringent requirements is the most basic prerequisite of quality.

The objective of LM Glasfiber's comprehensive supplier management strategy is to guarantee our plants a consistent supply of high-quality raw materials in a tight market. Activities focus on building and maintaining a world-class supply chain through long-term, strategic partnerships with key suppliers. Our global sourcing organisation headed a number of initiatives in this area during 2007, the most important ones being an extensive supplier auditing programme and the deepening of our relations with key global suppliers.

In addition to the process improvements realised in various areas during the year, quality control was strengthened by the implementation of production firewalls ensuring that no defects are passed on to the next manufacturing step. One of the most valuable benefits of this programme is a significantly lower repair load, freeing up time and resources for training and further improving the cycle time. In addition, the programme has contributed to reinforcing the quality mindset throughout the whole production process.

Driving growth and value

LM Glasfiber's sales continued its strong growth trend as we increased our capacity through new factories in key markets as well as through significant manufacturing throughput improvements. In 2008 we plan to expand capacity by more than 2,000 MW.

The wind power industry broke yet another record in 2007. New installations were up 32% compared to 2006, reaching 19.8 GW. Based on strong underlying demand, we expect annual wind power capacity additions to continue expanding significantly in the next few years. LM Glasfiber's sales amounted to 4,950 MW, an increase of 22% on 2006 and corresponding to a market share of 25%.

In order to sustain growth and fortify our position as the leading global independent supplier of advanced rotor blades, we are redoubling our efforts to build up production capacity in key markets, maximise throughput in our factories, and maintain an edge in innovation and development.

In 2007, we brought three new factories online - in China, India and Spain – increasing our capacity by 1,000 MW.

At the beginning of 2008 we opened our first facility in Arkansas, USA. An additional factory will be completed at the Port of Little Rock, Arkansas, during 2008 and a new factory will be opened in Poland to respond to the growing market for large blades in Northern Europe. Also, additional production lines will expand capacity at our existing facilities in Denmark and China. Scheduled capacity additions in 2008 amount to a total of more than 2,000 MW.

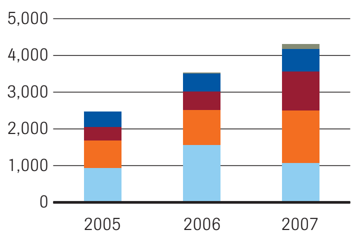
A special unit, in charge of managing all new factory projects, has been set up. Based on our extensive experience, this "New Builds" organisation uses standardised and codified procedures to facilitate planning, logistics and the transfer of skills.

Securing the availability and quality of raw materials is a critical part of realising our growth strategy. Our global network of qualified suppliers was expanded and solidified during 2007. New Key Performance Indicators (KPIs) were added and agreed with key vendors, providing a basis for regular operational reviews. Another key activity during the year was the further development of our materials testing methodology, supporting the qualification of new materials and suppliers.

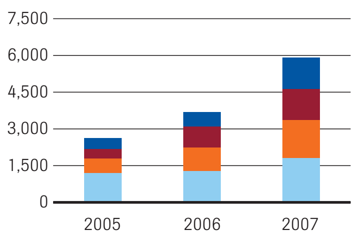
In addition to new capacity additions, production volume was also boosted in 2007 through significant throughput improvements in our existing plants. The moulding cycle time has been improved significantly, while we have also achieved quality improvements. We expect to achieve further reductions in overall blade cycle time during 2008 through the continued realisation of manufacturing process improvements across all our facilities. LM Glasfiber's future is based on our ability to continuously strengthen our position as a specialist in advanced blade design and manufacturing building on long-term, integrative relationships with our key customers. In line with these ambitions, six new blade designs were developed during the year.

In 2007, we further improved blade efficiency, reliability and the overall cost of wind energy through the use of our newly developed RotorOpt software, in addition to extensive wind tunnel research. We used RotorOpt in several development projects with customers in 2007, enabling full optimisation of the rotor by analysing load limits on turbine components and other constraints.

Geographic segmentation of revenue, DKKm



Employees by end of year



Northern Europe Southern Europe North America Asia Other

Focus on customer responsiveness

In 2007, we managed to improve our sales visibility through new long-term supply agreements with a range of key accounts. We also took steps to reinforce our customer partnerships and strengthen the foundation for first-rate customer service.

LM Glasfiber supplied blades to more than 20 wind turbine manufacturers in 2007, including 8 of the top 10 global players. We achieved an increased diversification of our sales across our key accounts.

LM Glasfiber expects outsourcing of blade production to further increase in importance on an aggregate industry level. This represents a strategic business opportunity that LM Glasfiber is in a good position to exploit going forward.

Our high-paced growth and business transformation during the year produced growth pains in parts of the company, sometimes adversely affecting our customer responsiveness. As a consequence, a global initiative was launched to mitigate local supply delays by shipping blades from other facilities in our global production network, thereby fulfilling our customer commitments.

In addition, a number of initiatives introduced during the year were dedicated to improving customer relations.

In order to ensure that our key management processes keep pace with the rapidly evolving industry structure and market demands, LM Glasfiber is now moving to a global, seamless Sales and Operations Planning structure, under which we match supply and demand on a global level with a three-year rolling view. The implementation and refinement of the Sales and Operations Planning process is an integral part of our transformation program. It will form an important backbone of our operations by linking the company together as we continue to expand, enabling us to better respond in a timely manner to the needs of our customers.

In parallel, we are reviewing and streamlining our key account structure, striving to reinforce our commercial partnerships with strategic customers. Also, integration between Global Sales and R&D will increase to support a larger number of long-term strategic cooperation agreements with our customers.

LM Glasfiber's customer relations strategy is geared towards building long-term, highly collaborative relationships, offering global manufacturing capacity and competitive blade technology and development resources. Going forward, our sales and marketing organisation will dedicate its efforts to better supporting our key accounts. Consequently, our Key Account Managers will have a clear, global responsibility for their respective customers, and their input will be essential to the integrated Sales and Operations Planning process. Roles and responsibilities within the sales organisation will be more clearly defined and tied to a number of key customer support processes, from quotation to after-sales service engineering.
During 2007, LM Glasfiber invested in strengthening its service and maintenance organisation, most notably in service engineering. Enhancing the skills of our service technicians was an important activity in this area. Increased customer demand for cost-efficient inspections, service and maintenance and repairs led to a significant increase in qualified rappelling technicians. This is a technique used in mountaineering, which also presents many advantages in servicing wind turbines. The rappelling team can quickly reach any point on the rotor blade without the need for a crane. During 2008 we will train additional technicians in order to be able to offer this service in all LM Glasfiber service units.

In markets where LM Glasfiber does not run its own service teams, we selected and qualified a number of local external partners in 2007 for maintenance and repair. In the UK, Japan and Australia, service partners have received extensive training in order to be able to perform inspections and overhauls that meet LM Glasfiber's approved specifications. Having local repair teams in place means shorter response times and reduced downtime for wind turbine owners.

This translates into cost savings for LM Glasfiber, our customers and the end users.


LM
LM Glasfiber
Service Team-

Reinforcing shared values and processes

LM Glasfiber introduced a new set of corporate values and streamlined a number of global HR processes in 2007, supporting our business transformation and the global alignment of our processes and operations. We redoubled our training and people development efforts to support a 60% increase in our workforce.

While continuing to grow our business rapidly, our most important challenge is making sure that our global organisation, people and processes are aligned to facilitate the delivery of the same high quality and good service to customers throughout the world, regardless of location.

A number of organisational changes were made in 2007 in order to strengthen global coordination and support. A new global business office was established in the World Trade Center at Schiphol Airport in Amsterdam, making it easier for those working in cross-functional global teams to conduct meetings and access transportation.

Our comprehensive operator training and mentoring programme is a good example of how LM Glasfiber promotes greater integration and improves teamwork across the organisation. The training programme is coordinated on a global level in order to ensure consistency, but local training coordinators at each factory are responsible for execution and results.

The global training programme also allows us to leverage the skills of our people on an international level because all employees have the same basic approach to and understanding of our processes. That gives us the opportunity to quickly deploy international expert teams to assist in specific areas. One example in 2007 was when our Ponferrada production facility in Spain went through a difficult period, as the factory introduced a number of new products while increasing output and lending resources to the start-up of a new production facility in Valencia. Specialist teams from the United States, India, Denmark and China were quickly assembled to assist. The production pace had to be slowed down for a while to secure the quality of our blades during the expansion process, but the plant is now back on track and is delivering quality blades on time to our customers.

We are also reviewing and streamlining non-manufacturing processes, not least in the critical area of leadership development, where we moved from regionally managed programmes to a uniform, globally coordinated approach in 2007. The programme, incorporating both training and succession planning, has improved international networking among our leaders.

Our Performance Management Process (PMP) went through a similar transformation during 2007, in that a common set of tools is now used in all locations and at all levels of the organisation.

While effective policies, processes and procedures are a necessary part of our continued growth and transformation, we cannot hope to control all aspects of our business by strengthening systems and rules. A shared value base is what will move us towards our vision, by providing a set of fundamental building blocks that will guide our actions and unite us across continents regardless of language barriers or cultural differences. The introduction of an explicit corporate values programme was a prioritised area in 2007, supported by a number of workshops and training sessions. All employees will, by mid-2008, have gone through a minimum of three hours of training and all managers will have participated in full-day workshops. This indicates an overt shift towards a more value-based leadership approach, ensuring that all our leaders' actions are firmly rooted in our new set of values.

Our values:

Focus on customer and market

Work as one team

Trust and respect

Take ownership

Innovate for excellence

Securing a competitive cost position

In an increasingly competitive market, LM Glasfiber is preparing for cost leadership by further leveraging our technology position, as well as by driving down cost at each step of the value chain in the medium to long term.

While growth is expected to remain high for the foreseeable future, the wind power industry is maturing, making a competitive cost position necessary for future success. As the move towards longer blades accelerates, at the same time as the competitive intensity rises in our industry, the cost advantages of LM Glasfiber's well-proven fibreglass and polyester-based infusion technology will become increasingly significant. Fibreglass and polyester are significantly cheaper materials compared to carbon fibre and epoxy and - over a period of several decades - we have further refined the materials as well as our design and production processes to produce blades with similar or even better performance characteristics.

Our 61.5 meter blade highlights this advantage nicely. The initial design was based on carbon fibre and epoxy. However, during 2007 we were able to modify the design, using fibreglass and polyester instead, while still retaining its critical properties. We expect to be able to leverage this unique, hard-to-copy advantage for blades up to at least 70 meters, securing an important cost advantage in blade volume segments.

While we incurred significant costs in 2007 related to ramp-up and warranty issues, the underlying problems have been successfully addressed. In fact, as a result of manufacturing process improvements, we have managed to significantly increase throughput in our factories during the year. The avoidance of rework in our plants is the most important driver of this improvement. We will realise considerable cost savings through our process improvement and quality initiatives going forward.

In the medium to long term, LM Glasfiber's ambition is to secure a cost leadership position by driving down cost at each step of our value chain.

In 2008, we will initiate a programme under which the cost reduction potential across all our business functions will be defined in detail, including administrative costs, R&D, manufacturing, and sales and marketing. Based on a thorough analysis, specific cost-efficiency programmes will be defined and implemented. Several high-potential areas have already been identified in the normal course of business, for example the standardisation and modularisation of our mould designs. This would bring about both direct and indirect cost benefits: the cost for producing the moulds themselves would go down, while a more uniform mould design would also improve production efficiency.

During a year with a very high intake of new people we succeeded in reducing our staff turnover significantly. Of course, a lower turnover, i.e. a more experienced workforce, also has a positive impact on process efficiency and quality.

While the focus of our sourcing organisation is on securing availability and quality of raw materials for our factories, containment of price increases will be a main point moving forward. It is important for us to cultivate long-term supplier relationships, but we encourage competition at the same time. We are expanding and enriching our supplier base, both to secure access to supplies, but also to encourage innovation and efficiency.


CHICAGO
23

The Chinese market for wind energy is expected to double within the next two years and continue along a steep curve also in the longer term. Approximately 3.3 GW wind energy was installed during 2007 and by 2012 the market is expected to reach 9 GW.

LM Glasfiber opened its second factory in China during 2007 in order to supply blades to this booming market.

Management's statement

The Supervisory Board and the Executive Board of Management of LM Glasfiber Holding A/S have today considered and adopted the annual report for 2007.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2007 and of the results of the Group's and the parent company's operations and the cash flow of the Group for the financial year ended 31 December 2007.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Lunderskov, 22 April 2008

Executive Board of Management

Roland Sundén
Chief Executive Officer

Jørgen D. Gade
VP, Chief Financial Officer

Søren F. Knudsen
VP, Chief Commercial Officer

Supervisory Board

Richard Hanson
Chairman

Jan Amethier
Deputy Chairman

John Leahy

Rikard Brattberger

Peter Pedersen

Thomas Lindharth

Flemming Brorsbøl

Independent auditors' report

To the shareholders of LM Glasfiber Holding A/S

We have audited the annual report of LM Glasfiber Holding A/S for the financial year 1 January to 31 December 2007, comprising a management's statement, management's review, accounting policies, income statement, balance sheet, statement of changes in equity, and notes to the financial statements for the Group as well as the parent company and the cash flow statement of the Group. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. The financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the annual report

Management is responsible for preparing and presenting an annual report that gives a true and fair view in accordance with the above-mentioned legislation and accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report 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 management, as well as evaluating the overall presentation of the annual report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2007 and of the results of the Group's operations and cash flows for the financial year ended 31 December 2007 in accordance with the International Financial Reporting Standards as adopted by the EU and the additional Danish disclosure requirements for annual reports.

In our opinion, the annual report also gives a true and fair view of the parent company's assets, liabilities and financial position at 31 December 2007 and of the results of the parent company's operations for the financial year 1 January to 31 December 2007 in accordance with the Danish Financial Statements Act.

Kolding, 22 April 2008

PricewaterhouseCoopers
Statsautoriseret revisionsaktieselskab

Søren Bonde
State Authorised Public Accountant

Lars Almskou Ohmeyer
State Authorised Public Accountant

Accounting policies

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports. The financial statements of the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class C enterprises.

The accounting policies are unchanged from last year.

New accounting standards
Effective 1 January 2007, LM Glasfiber has implemented IFRS 7 on financial instruments, IAS 1 on presentation of financial statements and IFRIC 9 on reassessment of embedded derivatives. The new financial reporting standards and interpretations do not affect recognition or measurement and, consequently, the accounting policies are consistent with those applied last year.

The new standards only result in changes to disclosures in the notes to the financial statements.

New standards and interpretations that have not yet come into force:

The following standards and interpretations have still not been approved by the EU:

- IAS 1, Presentation of financial statements: relates to the presentation of financial statements.
- IAS 23, Borrowing costs: requires that borrowing costs should be recognised in cost when manufacturing qualifying assets.
- IFRIC 12, Service concession arrangements: relates to concessions and is therefore not relevant for LM Glasfiber.
- IFRIC 13, Customer loyalty programmes: relates to customer loyalty programmes and is not believed to be relevant for LM Glasfiber.
- IFRIC 14, The limit on a defined benefit asset: relates to pension plans restricted by the asset ceiling and for which there is a minimum funding requirement. The standard is not relevant for LM Glasfiber

The interpretations take effect on 1 January 2008, while the standards come into force on 1 January 2009. The standards and interpretations are not expected to have any material impact on recognition and measurement in the LM Glasfiber Group.

Accounting policies

Basis of consolidation
The consolidated financial statements comprise LM Glasfiber Holding A/S (the parent company) and enterprises in which LM Glasfiber Holding A/S directly or indirectly holds more than 50% of the voting rights or in any other way exercises a controlling interest (subsidiaries). LM Glasfiber Holding A/S and its subsidiaries are jointly referred to as the Group.

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries by consolidating items of a similar nature and eliminating intra-group transactions, intra-group shareholdings and accounts, and unrealised intra-group gains and losses. The consolidated financial statements are based on financial statements prepared in accordance with the accounting policies of the LM Glasfiber Group.

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up are consolidated in the income statement until the date divested or wound up. The comparative figures are not restated to reflect acquisitions, divestments or companies wound up. However, discontinued operations are presented as a separate item.

The takeover method is applied on acquisitions if the parent company gains control of the company acquired. Identifiable assets, liabilities and contingent liabilities in companies acquired are measured at the fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

For business combinations effected on or after 1 January 2004, any excess of the cost of acquisition over the fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested for impairment annually. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is transferred to the cash-generating units which will subsequently form the basis for future impairment tests. Any goodwill arising and any fair value adjustments made on the acquisition of a foreign entity are treated as assets and liabilities in the foreign entity. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the acquisition date.

For business combinations made before 1 January 2004, the classification under the previous accounting policy is maintained. Goodwill is recognised based on the cost recognised under the previous accounting policy (Danish Financial Statements Act and Danish accounting standards) less amortisation and impairment up to 31 December 2003. Goodwill is not amortised after 1 January 2004. The accounting treatment of business combinations before 1 January 2004 has not been adjusted in connection with the opening balance sheet at 1 January 2004.

Foreign currency translation
For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies. The presentation currency of the consolidated financial statements is Danish kroner (DKK), which is the functional and presentation currency of the parent company.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognised in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date when the receivable or payable arose or the exchange rate applied in the most recent annual report is recognised in the income statement under financial income or financial expenses.

On consolidation of foreign enterprises with functional currencies differing from the LM Glasfiber Group's presentation currency, the income statements are translated at the exchange rates ruling at the transaction date and the balance sheet items are translated at the exchange rates ruling at the balance sheet date. The average price for each individual month is used as the transaction date, provided this does not give a much different view. Exchange differences arising on the translation of the opening equity of foreign enterprises using exchange rates at the balance sheet date as well as on the translation of the income statements from exchange rates at the transaction date to exchange rates at the balance sheet date are taken directly to equity.

Income statement

Revenue
Revenue represents the fair value of goods sold excluding value added tax and trade discounts and allowances.

Income is recognised when realised or realisable and earned. Income is considered earned when the LM Glasfiber Group has substantially accomplished what it must do to be entitled to the income. Income from the sale of goods is recognised when all the following specific conditions have been met:

- LM Glasfiber has transferred to the buyer all significant risks and rewards of ownership of the goods
- The amount of income can be measured reliably
- It is probable that the financial benefits associated with the transaction will flow to LM Glasfiber; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions are usually met when the products are manufactured by the delivery date agreed with the customers and the products have been physically delivered or are stored at the LM Glasfiber Group's warehouse locations at the customers' risk.

Special items
Special items include items of a special size or nature relative to the Group's earnings-generating operating activities, such as the restructuring of processes and basic structural changes, gains and losses in connection with the sale of activities.

These items are presented separately to facilitate the comparability of the income statement, including to provide a clearer picture of the operating results.

Tax
The tax charged to the income statement relates to the profit/loss for the year. The part which relates to expected tax payable on the taxable income for the year less tax payments on account is recognised in the balance sheet under payables/receivables while the part that relates to deferred tax is recognised at the current tax rate in the balance sheet under provisions and other longterm assets/long-term obligations.

Deferred tax assets are recognised at the value at which they are expected to be realised. Deferred tax is provided as the difference between the value for accounting and tax purposes of fixed assets, receivables and provisions, etc. as at the balance sheet date.

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes. The tax value of tax losses carried forward and negative deferred tax is recognised as an asset when it is probable that they will reduce future tax payments within a relatively short period of time.

Tax attributable to transactions on equity is taken directly to equity.

The Group's Danish companies are jointly taxed. The tax effect of the joint taxation is distributed on profitable as well as lossmaking Danish companies in proportion to their taxable income (full allocation with refund in respect of tax losses). The jointly taxed companies are registered for the on account tax scheme.

Balance sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Basis of consolidation". Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

Goodwill is tested annually for impairment and is recognised at historic cost less accumulated impairment losses. Gains and losses from the divestment of a unit include the carrying amount of goodwill in respect of the divested unit.

Goodwill is allocated to the cash-generating units in regards to testing impairment.

Development projects

Development costs comprise costs and salaries directly or indirectly related to the Group's development activities.

Development projects that are clearly defined and identifiable, where the technical utilisation ratio, sufficient resources and a potential market or development potential can be established and where there is an intention to produce, market or use the project, are recognised as intangible assets if there is adequate evidence that the value in use of future earnings will cover current costs as well as the development costs themselves.

Capitalised development costs are amortised on a straight-line basis from the completion of the development work over the expected economic life. The amortisation period is four years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Borrowing costs in connection with the construction of large investments are recognised in the financial year in which they are incurred.

Cost includes the costs of purchases and expenses directly attributable to the purchase until the asset is ready for use. In the case of assets produced in-house, cost comprises direct and indirect costs for materials, components, third-party suppliers and labour.

Government grants to finance capital investments are deferred in the balance sheet and recognised as income over the useful lives of the assets to which they relate.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, determined according to individual assessments as follows:

Buildings	25 years
Leasehold improvements	Over the lease period, not exceeding 5 years
Moulds	Over the expected useful life, 2-4 years
Other assets	0-5 years

Land is not depreciated.

Leasing

Leases in which the Group retains all significant risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the lower of fair value and the present value of future lease payments. The present value is calculated using the interest rate implicit in the lease, or a similar value, as the discount factor. Assets held under finance leases are subsequently treated like the Group's other property, plant and equipment.

Gains from sale and leaseback operations are recognised as a liability and taken to income over the term of the lease.

All other leases are considered operating leases. Payments in connection with operating leases are recognised using the straight-line method in the income statement over the term of the leases.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are tested annually to determine whether there is any indication of impairment. If any such indication exists, this impaired value is estimated as the higher of net selling price and value in use.

Impairment of intangible assets and property, plant and equipment is recognised under the same line item as the related amortisation or depreciation.

Inventories

Inventories are valued according to the FIFO method at the lower of cost with the addition of indirect production overheads and net realisable value. Indirect production overheads comprise indirect materials and labour, depreciation and maintenance of production plant and operating, administrative and management expenses.

The cost of goods for resale, raw materials and consumables comprise all direct costs in relation to their purchase, including delivery costs.

Receivables

Receivables are measured at amortised cost. Provisions are made for bad debts based on an individual assessment.

Equity

Dividend
Proposed dividend is recognised as a liability at the time of adoption of the dividend resolution at the annual general meeting (the time of declaration). Dividends expected to be paid in respect of the financial year are stated as a separate line item under shareholders' equity.

Treasury shares
Purchases and sales of treasury shares are taken directly to equity under retained earnings. A capital reduction through a cancellation of treasury shares reduces the share capital by an amount corresponding to the nominal value of the shares and increases retained earnings. Dividends in respect of treasury shares are recognised in equity under retained earnings.

Hedge transaction reserve
The hedge reserve comprises changes in the fair value of derivative financial instruments that are designated and qualify as hedging of future cash flows.

Provisions
Warranty commitments comprise obligations to repair blades within the warranty period. A general provision is made based on previous experience and expected future costs. In addition, individual provisions are made to cover costs of any retrofits.

Pension commitments not covered by insurance are measured at the present value of expected future payments.

Derivative financial instruments
Derivative financial instruments recognised at their fair value. Positive and negative fair values of derivatives are recognised under other receivables and other payables, respectively.

Changes in the part of the fair value of derivative financial instruments designated as and qualifying for hedging of future cash flows and that effectively hedge any changes in the value of the hedged item are recognised directly in equity. On realisation of the hedged transaction, any gains or losses relating to such hedge transactions are transferred from equity and included in the same item as the hedged item.

For derivative financial instruments not qualifying as hedges, changes in fair value are recognised in the income statement under financial items as and when they occur.

Financial liabilities
Amounts owed to banks are recognised at the raising of the loan as the proceeds received less transaction costs. In subsequent periods, financial liabilities are recognised at amortised cost, equalling the capitalised value using the effective rate of interest. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

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

Prepaid expenses and deferred income
Prepaid expenses comprise costs incurred relating to the following financial year. They typically relate to prepaid rent, insurance premiums, subscriptions and interest.

Deferred income includes payments received relating to revenue in subsequent years.

Cash flow statement
The cash flow statement shows cash flows for the year broken down by operating, investing and financing activities and the overall effect of the cash flows on the cash and cash equivalents for the year.

Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation/amortisation and impairment, provisions and changes in working capital, interest received and paid and income tax paid.

Cash flows from investing activities comprise cash flows from the purchase and sale of intangible assets, property plant and equipment and investments.

Cash flows from financing activities comprise cash flows from capital increases, the raising and repayment of long-term loans and dividend payments to shareholders.

Cash includes bank and cash balances.

Consolidated financial statements

Consolidated income statement, 1 January – 31 December

DKK thousands	Notes	2007	2006
Revenue	2	4,310,360	3,539,439
Changes in finished goods and work in progress		77,553	40,586
Other income		21,122	23,799
Operating income		**4,409,035**	**3,603,824**
Cost of sales		1,879,993	1,467,766
Other external expenses	6	979,072	517,661
Staff expenses	3	987,422	780,203
Depreciation and impairment	4	229,791	198,072
Other expenses		3,565	41,782
Special items	5	626,374	197,197
Operating expenses		**4,706,217**	**3,202,681**
Operating profit/(loss)		**(297,182)**	**401,143**
Financial income	7	28,899	11,207
Financial expenses	8	(164,273)	(191,804)
Financial income and expenses		**(135,374)**	**(180,597)**
Profit/(loss) before tax		**(432,556)**	**220,546**
Tax on profit/(loss) for the year	9	121,303	(75,517)
Profit/(loss) for the year		**(311,253)**	**145,029**

Consolidated balance sheet, 31 December

DKK thousands	Notes	2007	2006
Assets			
Goodwill		1,821,172	1,821,172
Completed development projects		31,959	35,438
Development projects in progress		24,509	20,773
Intangible assets	10	**1,877,640**	**1,877,383**
Land and buildings		313,093	419,781
Plant and machinery		271,941	226,220
Fixtures, fittings and equipment		93,744	67,738
Leasehold improvements		85,256	62,255
Property, plant and equipment under construction		203,076	34,634
Property, plant and equipment	11	**967,110**	**810,628**
Other securities	12	539	539
Deferred tax asset	13	472,749	312,977
Other non-current assets		**473,288**	**313,516**
Total non-current assets		**3,318,038**	**3,001,527**
Inventories	14	552,498	373,627
Trade and other receivables	15	1,209,375	681,212
Income taxes		2,554	-
Prepaid expenses		19,129	10,284
Cash		286,406	270,428
Current assets		**2,069,962**	**1,335,551**
Total assets		**5,388,000**	**4,337,078**

Consolidated balance sheet, 31 December

DKK thousands	Notes	2007	2006
Liabilities and equity			
Share capital	16	176,284	176,284
Exchange adjustment reserve		801	(3,114)
Hedge transaction reserve		9,699	9,814
Retained earnings		1,192,756	1,508,222
Equity		**1,379,540**	**1,691,206**
Provisions for warranty commitments	17	136,180	80,008
Finance leases	18	41,611	52,929
Subordinated Loan Notes	18	10,827	9,820
Senior Loan	18	1,528,354	374,749
Mezzanine Loan	18	–	497,445
Prepayments from customers		68,794	139,216
Other long-term liabilities	18	–	115
Long-term liabilities		**1,785,766**	**1,154,282**
Short-term portion of other long-term liabilities	18	72,005	21,723
Short-term portion of loans, etc.	18	32,543	174,512
Bank loans		139,622	174,739
Provisions for warranty commitments	17	431,800	241,006
Prepayments from customers		215,768	169,355
Trade payables		944,942	483,416
Income taxes		7,536	20,739
Other payables	19	343,722	174,149
Deferred income	20	34,756	31,951
Short-term liabilities		**2,222,694**	**1,491,590**
Total liabilities		**4,008,460**	**2,645,872**
Total liabilities and equity		**5,388,000**	**4,337,078**

Consolidated statement of changes in equity, 1 January – 31 December

DKK thousands	Share capital	Exchange adjustment reserve	Hedge transaction reserve	Retained earnings	Total
Group					
Equity at 1 January 2006	**102,195**	**(37)**	**3,821**	**694,104**	**800,083**
Profit for the year	-	-	-	145,029	145,029
Exchange rate adjustment, foreign enterprises	-	(3,077)	-	-	(3,077)
Fair value adjustment of hedge instruments	-	-	8,324	-	8,324
Tax on equity entries	-	-	(2,331)	-	(2,331)
Total comprehensive income	**-**	**(3,077)**	**5,993**	**145,029**	**147,945**
Capital increase	74,089	-	-	666,801	740,890
Purchase of treasury shares	-	-	-	(2,499)	(2,499)
Sale of treasury shares	-	-	-	4,787	4,787
Other equity movements	**74,089**	**-**	**-**	**669,089**	**743,178**
Equity at 31 December 2006	**176,284**	**(3,114)**	**9,814**	**1,508,222**	**1,691,206**
Equity at 1 January 2007	**176,284**	**(3,114)**	**9,814**	**1,508,222**	**1,691,206**
Adjusted opening equity	-	-	-	(4,823)	(4,823)
Loss for the year	-	-	-	(311,253)	(311,253)
Exchange rate adjustment, foreign enterprises	-	3,915	-	-	3,915
Fair value adjustment of hedge instruments	-	-	(153)	-	(153)
Tax on equity entries	-	-	38	1,206	1,244
Total comprehensive income	**-**	**3,915**	**(115)**	**(314,870)**	**(311,070)**
Purchase of treasury shares	-	-	-	(596)	(596)
Other equity movements	**-**	**-**	**-**	**(596)**	**(596)**
Equity at 31 December 2007	**176,284**	**801**	**9,699**	**1,192,756**	**1,379,540**

Consolidated cash flow statement, 1 January – 31 December

DKK thousands	Notes	2007	2006
Profit/(loss) for the year		(311,253)	145,029
Adjustments	28	512,440	644,781
Changes in working capital	29	402	(54,916)
Cash flows from operations before financial items and tax		**201,589**	**734,894**
Interest income and similar items		28,899	11,207
Interest expenses and similar items		(158,212)	(142,113)
Cash flows from operations before taxes		**72,276**	**603,988**
Income tax paid		(54,225)	(99,438)
Cash flows from operating activities		**18,051**	**504,550**
Purchase of property, plant and equipment	30	(558,768)	(280,731)
Sale of property, plant and equipment		36,163	10,564
Purchase of intangible assets	31	(22,806)	(17,465)
Sale of financial assets		–	85
Cash flows from investing activities		**(545,411)**	**(287,547)**
Purchase of treasury shares		(596)	(2,499)
Sale of treasury shares		–	4,787
Proceeds from bank loans etc.		36,130	45,529
Proceeds from long-term debt		1,523,554	16,210
Repayment of long-term debt		(1,015,750)	(150,081)
Cash flows from financing activities		**543,338**	**(86,054)**
Net change in cash and cash equivalents		**15,978**	**130,949**
Cash beginning of year		270,428	139,479
Cash at year end		**286,406**	**270,428**
Unutilised guaranteed credit facilities		**202,347**	**65,520**
Financial reserves at year end		**488,753**	**335,948**

Cash and cash equivalents at year end are specified as follows:

Cash and cash equivalents		286,406	270,428
		286,406	**270,428**

The cash flow statement cannot be derived using only the published financial data.

List of notes

Notes to the consolidated financial statements

DKK thousands

1. Significant accounting assumptions and estimates

When preparing the annual report, it is necessary for management, in accordance with generally accepted accounting principles, to make certain estimates and assumptions that affect the reported assets and liabilities as well as information about contingent assets and liabilities at the balance sheet date and the reported income and expenses for the accounting period. Management's estimates are based on historical data and a number of other assumptions considered reasonable under the given circumstances. The result hereof forms the basis of an assessment of the reported accounting values of assets and liabilities and the reported income and expenses that are not off hand available in other material.

Actual results may differ from these estimates. LM Glasfiber considers the following estimates and the relevant assessments to be material to the preparation of the consolidated financial statements.

Goodwill

The goodwill measurement could be affected by significant changes in estimates and assumptions underlying the values. Note 10 describes the impairment test for intangible assets. The carrying amount of goodwill was DKK 1,821 million at 31 December 2007 (2006: DKK 1,821 million).

Deferred tax

Management's assessment is required to determine the company's recognition of deferred tax assets. LM Glasfiber recognises deferred tax assets when it is likely that there will be sufficient future taxable income to utilise the temporary differences and unutilised tax losses. Management has considered the future taxable income when assessing whether or not to recognise deferred tax assets. The accounting value of deferred tax assets was DKK 473 million at 31 December 2007 (2006: DKK 313 million).

Provisions for warranty commitments

A general warranty for defective blades is provided, normally for two years, to all customers. At each year end a general warranty provision is made so that the general provision, at all times, is equal to 2.3% of revenue for the prior two years based on historical experience with warranty costs. In addition to the general warranty provision specific provisions are made, when relevant, for the retrofitting of blades defective due to construction errors. Provisions for warranty commitments amounted to DKK 568 million at 31 December 2007 (2006: DKK 321 million).

	2007	**2006**
2. Revenue		
Northern Europe	1,074,113	1,544,438
Southern Europe	1,427,236	934,723
North America	1,059,624	493,105
Asia	608,343	496,068
Other	141,044	71,105
	4,310,360	**3,539,439**

The allocation of revenue in the above schedule is derived from sales statistics showing to which country invoices were issued. The statistical information does not provide information as to where the products were shipped or the territory where the products were finally mounted.

Notes to the consolidated financial statements

DKK thousands	2007	2006

3. Staff expenses

Staff expenses are specified as follows:

	2007	2006
Wages	521,176	494,867
Salaries and fees	349,769	207,605
Pensions	18,571	10,818
Other social security expenses	97,906	66,913
	987,422	**780,203**
Average number of employees	**4,771**	**3,173**
Number of employees at 31 December	**5,905**	**3,683**

	2007 Executive Board of Management	2007 Supervisory Board	2006 Executive Board of Management	2006 Supervisory Board
Total salaries and remuneration to the Executive Board of Management and the Supervisory Board amount to:				
Wages and salaries	15,766	160	7,733	100
Severance payment - included in special items	-	-	2,278	-
	15,766	**160**	**10,011**	**100**

	2007	2006

4. Depreciation and impairment

Depreciation and impairment are specified as follows:

	2007	2006
Development projects	22,549	19,565
Leasehold improvements	16,638	9,620
Land and buildings	47,384	35,358
Plant and machinery	106,437	100,465
Fixtures, fittings and equipment	36,783	33,064
	229,791	**198,072**

5. Special items

	2007	2006
Costs related to process optimisation project (REACH)	-	21,123
Costs and allocation to retrofit	381,628	173,796
Logistic costs related to transport between production units etc.	244,746	-
Staff costs related to severance for executives	-	2,278
	626,374	**197,197**

6. Research and development costs

	2007	2006
Research and development costs recognised for the year	**109,700**	**76,343**

Notes to the consolidated financial statements

DKK thousands	2007	2006
7. Financial income		
Interest income, etc.	10,754	8,007
Exchange rate gains and adjustments	18,145	3,200
	28,899	**11,207**
8. Financial expenses		
Interest expenses, etc.	117,416	137,331
Exchange rate losses and adjustments	46,857	54,473
	164,273	**191,804**
9. Tax on profit/(loss) for the year		
Tax for the year is specified as follows:		
Current tax for the year	36,951	85,134
Deferred tax for the year	(159,772)	(15,819)
Adjustment of tax prior year	274	8,533
	(122,547)	**77,848**
Which is distributed as follows:		
Tax on the profit for the year	(121,303)	75,517
Tax on equity entries	(1,244)	2,331
	(122,547)	**77,848**
Taxes paid during the year	**54,225**	**99,438**
The effective tax rate is specified as follows:		
Corporation tax rate in Denmark	25.0%	28.0%
Reduction of corporate tax rate	-5.5%	0.0%
Tax prior years	0.3%	3.8%
Depreciation of deferred tax asset	-7.1%	0.0%
Effect of different tax rates and tax assets not provided for in foreign subsidiaries	13.0%	3.6%
Non-taxable income and non-deductible expenses	2.3%	-1.2%
Effective tax rate for the year	**28.0%**	**34.2%**

Notes to the consolidated financial statements

DKK thousands	Goodwill	Completed development projects	Development projects in progress	Total
10. Intangible assets				
Cost at 1 January 2006	2,117,409	88,533	31,435	2,237,377
Additions during the year	–	28,127	17,465	45,592
Transferred upon completion	–	–	(28,127)	(28,127)
Cost at 31 December 2006	2,117,409	116,660	20,773	2,254,842
Amortisation and impairment at 1 January 2006	296,237	61,657	–	357,894
Amortisation during the year	–	19,565	–	19,565
Amortisation and impairment at 31 December 2006	296,237	81,222	–	377,459
Carrying amount at 31 December 2006	**1,821,172**	**35,438**	**20,773**	**1,877,383**
Cost at 1 January 2007	2,117,409	116,660	20,773	2,254,842
Additions during the year	–	19,070	22,806	41,876
Transferred upon completion	–	–	(19,070)	(19,070)
Cost at 31 December 2007	2,117,409	135,730	24,509	2,277,648
Amortisation and impairment at 1 January 2007	296,237	81,222	–	377,459
Amortisation during the year	–	22,549	–	22,549
Amortisation and impairment at 31 December 2007	296,237	103,771	–	400,008
Carrying amount at 31 December 2007	**1,821,172**	**31,959**	**24,509**	**1,877,640**

The remaining amortisation period for completed development projects was 26 months in 2007 and 27 months in 2006.

As at 31 December 2007, management performed an impairment test of the carrying amount of goodwill.

Goodwill can be attributed to the development, production and sale of blades. This activity is carried out in all group companies, and is the reason why the value in use is recognised as an aggregate amount for the entire Group.

The recoverable amount of the cash-generating units is calculated on the basis of calculations of the value in use. In this connection, the greatest uncertainty relates to the determination of discount factors and growth rates and expected changes in selling prices and production costs during the budget period.

The calculation of the cash-generating units' value in use is based on the cash flows that appear from the latest budgets approved by management for the next five financial years and a discount factor before tax of 10.09%.

Management believes that probable changes to the basic assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount.

DKK thousands	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
11. Property, plant and equipment						
Cost at 1 January 2006	464,432	769,110	250,403	99,421	132,801	1,716,167
Exchange rate adjustment at year-end rates	(4,719)	(22,553)	(871)	(3,770)	(10,174)	(42,087)
Additions during the year	179,272	111,516	46,899	31,037	142,917	511,641
Disposals during the year	(79,508)	(16,277)	(10,451)	(1,135)	-	(107,371)
Transferred upon completion	-	-	-	-	(230,910)	(230,910)
Cost at 31 December 2006	559,477	841,796	285,980	125,553	34,634	1,847,440
Depreciation and impairment at 1 January 2006	168,358	544,186	199,442	55,650	-	967,636
Exchange rate adjustment at year-end rates	(1,004)	(13,393)	(654)	(837)	-	(15,888)
Depreciation for the year	35,358	100,465	33,064	9,620	-	178,507
Depreciation on assets sold	(63,016)	(15,682)	(13,610)	(1,135)	-	(93,443)
Depreciation and impairment at 31 December 2006	139,696	615,576	218,242	63,298	-	1,036,812
Carrying amount at 31 December 2006	**419,781**	**226,220**	**67,738**	**62,255**	**34,634**	**810,628**
Cost at 1 January 2007	559,477	841,796	285,980	125,553	34,634	1,847,440
Exchange rate adjustment at year-end rates	5,759	(14,121)	(244)	(4,160)	24	(12,742)
Additions during the year	66,632	208,122	73,289	42,307	254,680	645,030
Disposals during the year	(265,278)	(69,644)	(15,390)	(1,198)	-	(351,510)
Transferred upon completion	-	-	-	-	(86,262)	(86,262)
Cost at 31 December 2007	366,590	966,153	343,635	162,502	203,076	2,041,956
Depreciation and impairment at 1 January 2007	139,696	615,576	218,242	63,298	-	1,036,812
Exchange rate adjustment at year-end rates	174	(9,380)	(238)	(1,518)	-	(10,962)
Depreciation for the year	47,384	106,437	36,783	16,638	-	207,242
Depreciation on assets sold	(133,757)	(18,421)	(4,896)	(1,172)	-	(158,246)
Depreciation and impairment at 31 December 2007	53,497	694,212	249,891	77,246	-	1,074,846
Carrying amount at 31 December 2007	**313,093**	**271,941**	**93,744**	**85,256**	**203,076**	**967,110**

Of which assets held under finance leases amounted to DKK 64,505 thousands (2006: DKK 58,011 thousands).

Notes to the consolidated financial statements

DKK thousands	2007	2006
12. Other securities		
Cost at 1 January	775	887
Exchange rate adjustment at year-end rates	-	(27)
Disposals during the year	-	(85)
Cost at 31 December	775	775
Impairment at 1 January	236	256
Impairment for the year	-	(20)
Impairment at 31 December	236	236
Carrying amount at 31 December	**539**	**539**

13. Deferred tax asset

Deferred tax arises due to temporary differences between the accounting and tax balances in each of the consolidated companies and from tax losses carried forward that may be realised using the balance sheet liability method. Deferred tax is measured using applicable tax rules and the tax rate expected to apply when the temporary differences are equalised. The calculation of deferred taxes in Denmark is based on a tax rate of 25%, which is a change relative to 2006, when the tax rate was 28%.

	2007	2006
Deferred tax at 1 January	312,977	297,158
Deferred tax for the year recognised in profit/(loss) for the year	159,772	15,819
Deferred tax at 31 December	**472,749**	**312,977**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	472,749	312,977
Deferred tax at 31 December	**472,749**	**312,977**
Specification of deferred tax asset:		
Fixed assets	53,331	74,587
Inventories	1,467	1,013
Trade receivables	922	1,033
Provisions for warranty commitments	136,372	85,214
Tax losses carried forward - gross	261,409	158,720
Capital grants, Spain	(2,051)	(2,125)
Other	21,299	(5,465)
	472,749	**312,977**

Tax loss carried forward:

Deferred tax assets are recognised on tax losses carried forward, which correspond to income for which there is sufficient certainty that it will be realised in the future.

Notes to the consolidated financial statements

DKK thousands	2007	2006
14. Inventories		
Raw materials and consumables	320,786	219,467
Work in progress	127,145	136,309
Finished goods	104,567	17,851
Total inventories at 31 December	**552,498**	**373,627**
Writedowns of inventories expensed during the year amount to:	4,550	(1,426)
Reversed writedowns of inventories during the year amount to:	-	1,257
15. Trade and other receivables		
Trade receivables (gross)	1,005,454	619,500
Provisions for bad debts	(13,863)	(7,601)
Total trade receivables at 31 December	991,591	611,899
Other receivables	217,784	69,313
Total trade and other receivables at 31 December	**1,209,375**	**681,212**
Specification of writedowns included in the above receivables:		
Writedown at 1 January	7,601	10,439
Writedowns during the year	6,262	-
Reversed	-	(2,838)
Writedowns at 31 December	**13,863**	**7,601**

Notes to the consolidated financial statements

DKK thousands	2007	2006

16. Share capital

The share capital is divided into the following classes of shares:

	2007	2006
Ordinary shares, 30,040,539 of 1 DKK nominal value	30,040	30,040
Convertible preference shares, 146,243,788 of 1 DKK nominal value	146,244	146,244
	176,284	**176,284**

The cumulative preference dividend, which is not recognised, amounted to DKK 447,945 thousand at 31 December 2007.

In connection with the Mezzanine Loan raised in 2001, Dresdner Kleinwort Wasserstein received subscription rights of 2.5% of the increased share capital in case of changes in the ownership control of LM Glasfiber Holding A/S or in case of a share issue. The exercise price is DKK 1 per share. Some of the subscription rights have been sold by Dresdner Kleinwort Wasserstein. Pursuant to the terms and conditions, all subscription rights will automatically be exercised in case of a share issue. Dresdner Kleinwort Wasserstein and the other holders of subscription rights will receive a total of 770,270 new shares. The new shares shall rank pari passu with all other ordinary shares.

Treasury shares

On 4 June and 4 October 2007 respectively the company acquired a total of 20,540 treasury shares. Payment for these shares amounted to DKK 596 thousand, net, which has been deducted directly in equity in accordance with the accounting policies. The shares were acquired from former employees.

	2007		2006	
	Number	**%**	**Number**	**%**
Portfolio at 1 January	–	–	129,986	0.43
Acquired during the year	20,540	0.07	189,164	0.63
Sold during the year	–	–	(319,150)	(1.06)
Portfolio at 31 December	**20,540**	**0.07**	**-**	**-**

17. Provisions for warranty commitments

	2007	2006
Provisions at 1 January	321,014	153,192
Used during the year	(70,602)	(9,202)
Adjustment of provisions made in the prior years	(78,582)	(66,261)
Provisions made during the year	396,150	243,285
Provisions for warranty commitments at 31 December	**567,980**	**321,014**
Specification of long-term and short-term warranty commitments:		
Long-term	136,180	80,008
Short-term	431,800	241,006
	567,980	**321,014**

A general warranty for defective blades is provided, normally for two years, to all customers. Under the warranty the customer may, under certain conditions, require the Company to repair or retrofit blades that have already been supplied. At each year end a general warranty provision for each blade sold is made so that at all times the general provision is equal to 2.3% of revenue for the prior two years, based on warranty costs incurred.

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

DKK thousands	Finance leases	Subordinated Loan Notes	Senior Loan	Other long-term liabilities	Total	2006
18. Debt obligations						
After 5 years	3,350	-	-	-	3,350	15,051
Between 1-5 years	38,261	10,827	1,528,354	-	1,577,442	920,007
Long-term part	41,611	10,827	1,528,354	-	1,580,792	935,058
Within 1 year	27,059	-	32,543	44,946	104,548	196,235
Total carrying amount at 31 December	**68,670**	**10,827**	**1,560,897**	**44,946**	**1,685,340**	**1,131,293**

	2007	2006
The debt obligations are recognised in the balance sheet as follows:		
Long-term liabilities	1,580,792	935,058
Short-term portion of long-term liabilities	72,005	21,723
Short-term portion of loans, etc.	32,543	174,512
	1,685,340	**1,131,293**

Significant loan conditions for all loans (exclusive of Loan Notes)

The loan agreements contain a number of different regulations relating to setting of interest and margin settings, rules concerning mandatory repayment of loans and limitation of dividends as well as financial ratio requirements that, if not complied with, will result in default of the loans. These terms and conditions are monitored in an ongoing process. Where there is a risk that terms and conditions cannot be complied with, such terms and conditions will be renegotiated with the lenders.

Finance leases

The liability concerning assets held under finance leases is included in debt obligations as follows (minimum lease payments):

Within 1 year	30,273	21,906
Between 1-5 years	40,873	56,918
After 5 years	3,583	9,521
	74,729	**88,345**
Future interest rate on lease commitments	(6,059)	(13,851)
Present value of finance lease commitments	**68,670**	**74,494**

Notes to the consolidated financial statements

DKK thousands	2007	2006

19. Other payables

Accrued VAT	29,333	14,949
Withholding taxes, labour market contributions, etc.	39,392	20,087
Accrued wages and salaries	112,471	62,706
Other accrued expenses	162,526	76,407
Other payables at 31 December	**343,722**	**174,149**

20. Deferred income

Capital grants are received in Spain, USA and Poland. The grants are usually made in connection with the construction of new plants, subject to certain conditions such as maintaining a certain number of jobs, a minimum of self-financing and level of capital expenditure. All conditions applying to individual grants relate to requirements in the specific region in which they are granted.

Divided into programmes, the capital grants are:

Granted by:	2007	Expiry year	2006	Expiry year
Igape	388	2021	440	2021
Mimer	6,383	2025	6,748	2025
Ade	6,793	2025	7,173	2025
Endesa	1,812	2026	1,916	2026
Mimer	4,586	2027	5,696	2027
Ade	1,514	2027	1,879	2027
Endesa	1,544	2028	1,916	2028
Arkansas Economic Development Commission and city of Little Rock	5,842	2014	-	N/A
Others	5,894	N/A	6,183	N/A
	34,756		**31,951**	

DKK thousands

21. Pledges of rights and guarantees

a) Share pledge agreement

On 23 February 2007, an agreement was signed with the Bank of Scotland, acting as Security Trustee, that pledges all existing and future share certificates in LM Glasfiber A/S, LM Glasfiber Eolica S.A., LM Composites Galicia S.A., LM Glasfiber (ND) Inc., LM Glasfiber Española, S.A., LM Glasfiber Iberica, S.A. as continuing security for payments and satisfaction in full of the secured obligations under the Senior Loan. The agreement is governed by English law.

b) Mortgage deed pledge agreement

On 23 February 2007, an agreement was signed with the Bank of Scotland, acting as Security Trustee, that establishes the following mortgage deed pledges:

Mortgaged property	Official valuation at 1 January 2007	Mortgage deeds pledged
3 I and 4 O Lunderskov by, Skanderup	26,000	178,000
6 H Lunderskov by, Skanderup	62,000	

The issuer of all mortgage deeds is LM Glasfiber A/S.

The mortgage deeds are pledged as continuing security for payment and satisfaction in full of the secured obligations under the Senior Loan. The agreement is governed by Danish law.

Notes to the consolidated financial statements

DKK thousands

22. Contractual obligations

Operating lease commitments

The Group holds some of its operating facilities located in China, Canada, India, USA and Denmark under operating leases non-terminable for up to ten years. These leases are specified as follows (DKK thousands):

2007	China	Canada	India	USA	Denmark	Total
Within 1 year	5,212	985	1,156	8,658	52,428	68,439
Between 1 -5 years	18,241	492	1,831	13,546	118,276	152,386
After 5 years	-	-	-	-	84,149	84,149
Total	**23,453**	**1,477**	**2,987**	**22,204**	**254,853**	**304,974**

2006	China	Canada	India	USA	Denmark	Total
Within 1 year	-	1,020	191	4,242	34,703	40,156
Between 1-5 years	-	2,610	391	12,280	66,585	81,866
After 5 years	-	-	-	3,100	10,616	13,716
Total	**-**	**3,630**	**582**	**19,622**	**111,904**	**135,738**

Lease costs amounted to DKK 58 million in 2007 and DKK 43 million in 2006. All costs are minimum lease payments.

Construction of plant

The commitments relating to land and buildings comprise:

	2007			2006		
	Within 1 year	More than 1 year	Total	Within 1 year	More than 1 year	Total
Construction of plant	-	23,953	23,953	15,990	-	15,990
Purchase of land	-	-	-	-	-	-
Total	**-**	**23,953**	**23,953**	**15,990**	**-**	**15,990**

23. Contingent liabilities

The following guarantees have been given on behalf of the Group as of 31 December 2007:

	2007	2006
Guarantees issued to banks	33,867	21,366
Guarantees issued to customers	73,966	50,953
Other	8,473	20,334
	116,306	**92,653**

The above-mentioned guarantees mainly concern rent commitments, prepayments from customers and public grants for financing capital investments.

Capital grants have been received in Spain, USA and Poland, which may result in a repayment liability if certain conditions are not met. The size of these capital grants is shown in note 20.

Notes to the consolidated financial statements

DKK thousands

24. Financial risks and financial instruments

Group risk management policy
Due to the nature of its operations, investments and financing, the Group is exposed to changes in exchange and interest rates. Group policy is not to actively conduct speculation in financial risks. Accordingly, the Group's financial management exclusively involves the management of financial risks that arise as a direct consequence of the Group's operations and financing.

Currency risks
LM Glasfiber's policy is to hedge currency risks when mutually binding agreements are signed. Net currency risks are hedged through forward exchange transactions or currency swap agreements.

Currency risks related to investment in foreign subsidiaries are not hedged, because the present exposure would not render such hedging appropriate from the point of view of risk management and cost.

The far majority of LM Glasfiber's sales are made in EUR and USD or US dollar-related currencies. Production costs and research and development costs are denominated in EUR, USD or US dollar-related currencies and DKK. The currency risk associated with EUR is considered minimal, and the EUR is therefore not included in the overall assessment of the Group's currency exposure. This means that the Group's actual currency risk is associated primarily with the USD, and the Group's net surplus of USD is hedged. Any adjustments arising as a result of changes in the exchange rates are booked directly in equity in accordance with the accounting policies of the Group. A change in USD of one percentage will have an impact of DKK 1 million on the result for year 2008.

The fair value of the outstanding forward exchange transactions at the balance sheet date was DKK 4,295 thousand.

Interest rate risk
LM Glasfiber's interest rate risk relates to fluctuations in interest on the Group's floating-rate debt. The interest rate risk has been periodically reduced by entering interest swap agreements for part of the Group's long-term floating-rate debt.

There were no outstanding interest rate swaps at the balance sheet date.

In accordance with the Group's risk policy, the weighted average interest rate on the Group's loans at 31 December 2007 was 5.4% (2006: 8.9%) including the effect of the concluded interest rate swap.

The Group's floating rate cash and cash equivalents and debt were such that, all other things being equal, a one percentage point increase in the level of interest rates relative to the interest rates prevailing at the balance sheet date would have reduced the profit for the year and equity by DKK 16 million (2006: DKK 10 million). A lower interest rate would have had a corresponding positive impact.

Notes to the consolidated financial statements

DKK thousands

24. Financial risks and financial instruments (continued)

Liquidity risks

The Group's financial resources comprise cash and cash equivalents and unutilised credit facilities. The Group aims to have sufficient cash resources to allow it to continue to operate adequately in case of unforeseen fluctuations in cash. At 31 December 2007, cash resources amounted to DKK 286 milllion (2006: DKK 270 million). In the spring of 2007, the Group repaid an existing senior loan and mezzanine loan by raising new loans.

Statement of due dates at 31 December 2007, measured at amortised cost:

	Within 1 year	Between 1-5 years	After 5 years	Total*	Fair value**	Carrying amount
Financial liabilities						
Finance leases	30,273	40,874	3,583	74,730	68,670	68,670
Subordinated Loan Notes	-	16,408	-	16,408	10,827	10,827
Senior Loan	32,543	1,859,194	-	1,891,737	1,581,302	1,560,897
Other long-term liabilities	46,940	-	-	46,940	44,946	44,946
Bank loans	140,163	-	-	140,163	139,622	139,622
Trade payables	944,942	-	-	944,942	944,942	944,942
Other payables	344,352	-	-	344,352	344,352	344,352
Total financial liabilities	1,539,213	1,916,476	3,583	3,459,272	3,134,661	3,114,256
Receivables						
Cash	286,406	-	-	286,406	286,406	286,406
Trade receivables	991,591	-	-	991,591	991,591	991,591
Other receivables	217,784	-	-	217,784	217,784	217,784
Forward exchange contracts	4,296	-	-	4,296	4,296	4,296
Total receivables	1,500,077	-	-	1,500,077	1,500,077	1,500,077
Net	**39,136**	**1,916,476**	**3,583**	**1,959,195**	**1,634,584**	**1,614,179**

*) All cash flows are undiscounted and comprise all obligations according to agreements concluded, including for example interest payments on loans.

**) The fair value of financial liabilities is calculated using discounted cash flow models based on the market rates and credit conditions prevailing at the balance sheet date.

DKK thousands

24. Financial risks and financial instruments (continued)

Statement of due dates at 31 December 2006, measured at amortised cost:

	Within 1 year	Between 1-5 years	After 5 years	Total*	Fair value**	Carrying amount
Financial liabilities						
Finance leases	21,906	56,918	9,521	88,345	74,494	74,494
Subordinated Loan Notes	-	-	16,408	16,408	9,820	9,820
Senior Loan	166,294	415,998	-	582,292	535,354	535,354
Mezzanine Loan	13,907	606,261	-	620,168	511,352	511,352
Other long-term liabilities	172	130	-	302	302	302
Bank debt	178,671	-	-	178,671	174,739	174,739
Trade payables	483,416	-	-	483,416	483,416	483,416
Other payables	174,149			174,149	174,149	174,149
Total financial liabilities	1,038,515	1,079,307	25,929	2,143,751	1,963,626	1,963,626
Receivables						
Cash	270,428	-	-	270,428	270,428	270,428
Trade receivables	611,899	-	-	611,899	611,899	611,899
Other receivables	69,313	-	-	69,313	69,313	69,313
Interest rate swaps	4,197	-	-	4,197	4,197	4,197
Forward exchange contracts	616	-	-	616	616	616
Total receivables	956,453	-	-	956,453	956,453	956,453
Net	**82,062**	**1,079,307**	**25,929**	**1,187,298**	**1,007,173**	**1,007,173**

*) All cash flows are undiscounted and comprise all obligations according to agreements concluded, including for example interest payments on loans.

**) The fair value of financial liabilities is calculated using discounted cash flow models based on the market rates and credit conditions prevailing at the balance sheet date.

Credit risks

The Group is exposed to credit risks on receivables, derivative financial instruments with a positive fair value and bank deposits. The maximum credit risk corresponds to the carrying amount. No credit risk is considered to exist in relation to cash as the counterparties are banks with good credit ratings. Outstanding receivables are regularly followed up. Trade receivables are hedged using debtor insurance, prepayments or bank guarantees. If uncertainty arises in respect of the customer's ability or willingness to pay a receivable, and the Group finds that the claim involves a risk, an impairment writedown is made to cover this risk.

Of trade receivables 75% (2006: 72%) had not exceeded the credit risk at 31 December 2007. Receivables overdue by more than 180 days are generally considered immaterial.

Capital management

The Group regularly assesses the need to adjust its capital structure to balance the higher return requirement for equity with the higher degree of uncertainty associated with debt capital.

Equity as a percentage of total liabilities at the end of 2007 was 25.6% (2006: 39%). Capital management is performed for the Group as a whole. The return on equity achieved for 2007 was -20.3% (2006: 11.6%).

Notes to the consolidated financial statements

DKK thousands

25. Related parties

LM Glasfiber Holding A/S' principal shareholders are Doughty Hanson & Co III Limited Partnership No. 1, No. 2 and Nos. 9 through 16, London ("Fund III Partnerships"), DHC Glasfiber (Bermuda) L.P., Bermuda ("BLP"), whose limited partners are Doughty Hanson & Co III Limited Partnership Nos. 3 through 8, London, and Doughty Hanson & Co Limited Partnership A, London, and certain co-investors (mainly employees and directors of Doughty Hanson & Co Limited ("Doughty Hanson") and/or its subsidiaries). The shares of each of the principal shareholders in LM Glasfiber Holding A/S are registered in the name of separate nominee companies. Doughty Hanson is the general partner of each of the Fund III partnerships and BLP and as such acts on behalf of each limited partnership and is authorised, under the relevant limited partnership agreement, inter alia to direct the exercise of the voting rights by the nominee holder. Both Doughty Hanson & Co III Limited Partnership No. 1 ("Partnership 1") and BLP currently have beneficial holdings in more than 5% of the total issued share capital of LM Glasfiber Holding A/S.

On 8 May 2001, the company issued certificates of unsecured Loan Notes in the amount of DKK 407,500 thousand to the principal shareholders, and has subsequently issued a further EUR 6,896 thousand in unsecured Loan Notes to the principal shareholders. The notes were issued at nominal amount and bear interest at 10.00% p.a., added on 30 March and 30 September each year until the loans have been repaid in full. On 26 April 2006, the company converted DKK 740 million of Loan Notes, including interest, to subordinated loan capital. The remaining amount due was DKK 11 million at 31 December 2007. The loans expire on 8 May 2012 or at early repayment, and are repayable at the amount owed plus all interest up to the repayment date.

Other related parties include the members of LM Glasfiber Holding A/S' Supervisory Board and Executive Board of Management, with whom no deals or transactions were made beyond what follows from their service contracts. Service contracts with the members of the Supervisory Board and Executive Board of Management have all been entered into on arm's length terms.

26. Events after the balance sheet date

No events have occured after the balance sheet date that will have material effect on the Group´s financial standing.

	2007	2006
27. Fees to auditors appointed at the annual general meeting		
Audit fees:		
PricewaterhouseCoopers	2,801	2,291
	2,801	**2,291**
Non-audit fees:		
PricewaterhouseCoopers	2,289	2,949
Others	313	900
	2,602	**3,849**
Total fees	**5,403**	**6,140**

Notes to the consolidated financial statements

DKK thousands	2007	2006
28. Adjustments		
Depreciation and other adjustments of property, plant and equipment and intangible assets, including gains and losses on sale	229,791	198,072
Exchange rate adjustments of foreign monetary assets and liabilities	18,807	26,638
Change in deferred income and investment grants recognised as income	2,805	(3,865)
Change in provisions	246,966	167,822
Financial income and similar items	(28,899)	(11,207)
Financial expenses and similar items	164,273	191,804
Income taxes	(121,303)	75,517
	512,440	**644,781**
29. Changes in working capital		
Changes in inventories	(178,871)	(110,272)
Changes in receivables	(428,908)	(231,800)
Changes in trade and other payables	608,181	287,156
	402	**(54,916)**
30. Purchase of property, plant and equipment		
Purchase of property, plant and equipment, gross	645,030	511,641
Transferred from property, plant and equipment under construction	(86,262)	(230,910)
	558,768	**280,731**
31. Purchase of intangible assets		
Purchase of intangible assets, gross	41,876	45,592
Transferred from development projects under construction	(19,070)	(28,127)
	22,806	**17,465**

Parent company financial statements

Accounting policies

The financial statements of the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class C enterprises.

The accounting policies of the parent company are the same as those of the Group, however, with the addition of the policies described below.

Investments in subsidiaries

In the financial statements of the parent company, investments in subsidiaries are recognised according to the equity method with the deduction of intra-group profits.

The share of the profit on ordinary activities after tax and goodwill amortisation of subsidiaries is recognised at the proportionate ownership share in a single line of the parent company's income statement.

The net revaluation of shares in subsidiaries is recognised under net revaluation according to the equity method under equity.

Subsidiaries with a negative net asset value are recognised at zero value. A provision is made if the parent company has a legal or constructive obligation to cover the company's negative balance.

Cash flow statement

No separate cash flow statement has been prepared for the parent company.

Income statement of the parent company, 1 January – 31 December

DKK thousands	Notes	2007	2006
Other external expenses		9,671	1,013
Staff expenses	2	120	(236)
Operating expenses		**9,791**	**777**
Operating loss		**(9,791)**	**(777)**
Income from investment in subsidiary before tax	1	(556,976)	(68,158)
Financial income	3	205,317	185,679
Financial expenses	4	(7,902)	(33,737)
Financial income and expenses		**(359,561)**	**83,784**
Profit/(loss) before tax		**(369,352)**	**83,007**
Tax on profit/(loss) for the year	5	(46,906)	(42,983)
Profit/(loss) for the year		**(416,258)**	**40,024**

It is proposed that the loss for the year be transferred to retained earnings.

Balance sheet of the parent company, 31 December

DKK thousands	Notes	2007	2006
Assets			
Loan notes receivable, subsidiary		1,267,837	1,619,381
Investments	1	**1,267,837**	**1,619,381**
Fixed assets		**1,267,837**	**1,619,381**
Cash		1,829	2,357
Current assets		**1,829**	**2,357**
Total assets		**1,269,666**	**1,621,738**
Liabilities and equity			
Share capital		176,284	176,284
Retained earnings		783,743	1,200,414
Equity	6	**960,027**	**1,376,698**
Subordinated Loan Notes		10,827	9,820
Long-term liabilities	7	**10,827**	**9,820**
Payables to group enterprises		298,643	235,032
Other payables		169	188
Short-term liabilities		**298,812**	**235,220**
Liabilities		**309,639**	**245,040**
Total liabilities and equity		**1,269,666**	**1,621,738**
Related parties	8		
Contingency liabilities	9		

Notes to the financial statements of the parent company

DKK thousands	Investments in subsidiaries	Loan notes receivable, subsidiary
1. Investments		
Cost at 1 January 2007	300,405	1,871,324
Additions during the year	-	205,249
Cost at 31 December 2007	300,405	2,076,573
Value adjustments at 1 January 2007	(300,405)	(251,943)
Income from investments in subsidiaries after tax	(556,976)	-
Fair value adjustment of derivative financial instruments	(153)	-
Tax on equity investments	38	-
Exchange rate adjustments	3,915	-
Adjustment opening equity	(3,617)	-
Negative equity investments offset against receivables	556,793	(556,793)
Value adjustments at 31 December 2007	(300,405)	(808,736)
Carrying amount at 31 December 2007	**-**	**1,267,837**

Companies in the LM Group

Name	Domicile	Ownership share
LM Group Holding A/S	Denmark	100%
LM Glasfiber A/S	Denmark	100%
Covia A/S	Denmark	100%
LM Glasfiber (Tianjin) Co. Ltd.	China	100%
LM Glasfiber (Xinjiang) Co. Ltd.	China	100%
LM Glasfiber (India) Private Ltd.	India	100%
LM Glasfiber R&D (India) Private Ltd.	India	100%
LM Glasfiber (Deutschland) GmbH	Germany	100%
LM Glasfiber Eólica S.A.	Spain	100%
LM Composites Galicia S.A.	Spain	100%
LM Glasfiber Española, S.A.	Spain	100%
LM Glasfiber Iberica S.A.	Spain	100%
LM Glasfiber (Holland) B.V.	The Netherlands	100%
LM Glasfiber (Services) B.V.	The Netherlands	100%
LM Glasfiber (ND) Inc.	USA	100%
LM Glasfiber Inc.	USA	100%
LM Glasfiber (Arkansas) Inc.	USA	100%
LM Glasfiber Canada Inc.	Canada	100%
4305825 Canada Inc.	Canada	100%
LM Glasfiber Poland Sp. z o.o.	Poland	100%
LM Glasfiber Poland I Sp. z o.o.	Poland	100%

Notes to the financial statements of the parent company

DKK thousands	2007	2006
2. Staff expenses		
Staff expenses are specified as follows:		
Wages and fees	120	(236)
	120	**(236)**
Total salaries and remuneration to the Executive Board of Management and Supervisory Board amount to	120	(236)

The company has no employees.

	2007	2006
3. Financial income		
Interest income from subsidiary	205,249	185,626
Other interest income	68	6
Exchange rate adjustment	–	47
	205,317	**185,679**
4. Financial expenses		
Interest expenses for group enterprises	6,895	10,172
Other interest expenses	1,007	23,565
	7,902	**33,737**
5. Tax on profit/(loss) for the year		
Tax on profit/(loss) for the year	46,906	42,983
Tax on equity entries	–	2,331
	46,906	**45,314**

Notes to the financial statements of the parent company

DKK thousands	Share capital	Reserve according to the equity method	Retained earnings	Total
6. Equity				
Equity at 1 January 2006	**102,195**	**-**	**488,385**	**590,580**
Profit for the year	-	-	40,024	40,024
Exchange rate adjustments, foreign enterprises	-	(3,077)	-	(3,077)
Fair value adjustment of hedge instruments	-	8,324	-	8,324
Tax on equity entries	-	(2,331)	-	(2,331)
Total comprehensive income	**-**	**2,916**	**40,024**	**42,940**
Capital increase	74,089	-	666,801	740,890
Purchase of treasury shares	-	-	(2,499)	(2,499)
Disposal of treasury shares	-	-	4,787	4,787
Transfer	-	(2,916)	2,916	-
Other equity capital flow	**74,089**	**(2,916)**	**672,005**	**743,178**
Equity at 31 December 2006	**176,284**	**-**	**1,200,414**	**1,376,698**
Equity at 1 January 2007	**176,284**	**-**	**1,200,414**	**1,376,698**
Adjustment opening equity	-	-	(4,823)	(4,823)
Loss for the year	-	-	(416,258)	(416,258)
Exchange rate adjustment, foreign enterprises	-	3,915	-	3,915
Fair value adjustment of hedge instruments	-	(153)	-	(153)
Tax on equity entries	-	38	1,206	1,244
Total comprehensive income	**-**	**3,800**	**(419,875)**	**(416,075)**
Purchase of treasury shares	-	-	(596)	(596)
Transfer	-	(3,800)	3,800	-
Other equity capital flow	**-**	**(3,800)**	**3,204**	**(596)**
Equity at 31 December 2007	**176,284**	**-**	**783,743**	**960,027**

Specification of movements in share capital:

	2007	2006	2005	2004
Share capital, beginning of year	176,284	102,195	102,195	30,040
Convertible preference shares	-	74,089	-	72,155
Share capital, year end	**176,284**	**176,284**	**102,195**	**102,195**

The cumulative preference dividend, which is not recognised, amounted to DKK 447,945 thousand at 31 December 2007.

Treasury shares

On 4 June and 4 October 2007 respectively the company acquired a total of 20,540 treasury shares. Payment for these shares amounted to DKK 596 thousand, net, which has been deducted directly in equity in accordance with the accounting policies. The shares were acquired from former employees.

	2007		2006	
	Number	%	Number	%
Number of treasury shares, beginning of year	-	-	129,986	0.43
Purchased during the year	20,540	0.07	189,164	0.63
Sold during the year	-	-	(319,150)	(1.06)
Portfolio at 31 December	**20,540**	**0.07**	**-**	**-**

Notes to the financial statements of the parent company

DKK thousands	Expiry	Fixed/ floating	Effective interest rate 2007	Effective interest rate 2006	Carrying amount 2007	Carrying amount 2006
7. Long-term liabilities						
Loan in DKK	2012	Fixed	10.00%	10.00%	9,557	8,668
Loan in EUR	2012	Fixed	10.00%	10.00%	1,270	1,152
Total carrying amount					**10,827**	**9,820**
Weighted average effective interest rate			**10.0%**	**10.0%**		

	2007	2006
Subordinated Loan Notes		
Long-term	10,827	9,820
Short-term	-	-
	10,827	**9,820**
Total liabilities	**10,827**	**9,820**
The liabilities are recognised in the balance sheet as follows:		
Long term liabilities	10,827	9,820
Short-term portion of long-term liabilities	-	-
	10,827	**9,820**
Of long-term liabilities, the following fall due more than five years after the end of the financial year:	-	9,820

8. Related parties

Please see note 25 to the consolidated financial statements for details on related party transactions.

9. Contingency liabilities

As at 31 December, the company had issued guarantees against customers in subsidiaries for a total of DKK 62,890 thousands.

LM Glasfiber at a glance

LM Glasfiber is the world's leading manufacturer of wind turbine blades. Our aim is to further strengthen this position by building on our competitive blade technology and global reach. LM Glasfiber creates value to our customers and shareholders by providing the wind industry with rotor solutions that increase the competitiveness of wind power and provide sustainable energy.

Strategy

The strategy of LM Glasfiber is to create value for our customers based on a high degree of specialisation in the design and manufacturing of advanced rotor solutions. We provide rotor blades optimised for our customers' wind turbines. Through our unmatched global footprint, LM Glasfiber adds value to our customers' business by offering them blade supply capacity in key markets for wind power and first mover advantages in emerging markets.

The strength of LM Glasfiber is based on:

- Leading technology and know-how
- Global capacity and an efficient supply chain
- Significant economies of scale
- Customised product offerings and supply system
- Value enhancing blade design

Organisation

LM Glasfiber has 5,905 employees worldwide by end of year 2007. The head office is located in Lunderskov, Denmark. We have a global business office as well as an R&D Center in Amsterdam, the Netherlands and an R&D Center in Bangalore, India. Our factories are based on three continents in twelve locations in: Denmark, Spain, the United States, Canada, India and China.

Ownership

The principal shareholders of LM Glasfiber are the Doughty Hanson & Co. Ltd. partnerships. Doughty Hanson & Co. is a company incorporated in England and Wales and headquartered in London. As an independent fund management company, Doughty Hanson & Co. has offices in London, New York, Frankfurt, Madrid, Milan, Munich, Paris, Prague and Stockholm. Doughty Hanson & Co.'s principals have many years of experience in the successful management of international private equity funds and have led and arranged a number of large acquisitions and sales.

It is the intention of the shareholders to work towards a listing of the company on a stock exchange.

Facts

LM Glasfiber has produced more than 105,500 blades in the course of 30 years, corresponding to approximately 30 GW installed wind power capacity which each year can save the world more than 47 million tons of CO_2 - more than the current annual CO_2 emission of London. Today, one in every three wind turbines in operation throughout the world is fitted with LM Glasfiber blades.

Contact information

LM Glasfiber Holding A/S
Rolles Møllevej 1
6640 Lunderskov
Denmark
www.lmglasfiber.com
info@lmglasfiber.com
Tel.: +45 79 84 00 00
Fax: +45 79 84 00 01
Municipality of registered office: Kolding

Corporate Communications

Steen Broust Nielsen
Tel.: +45 20 27 52 35
sbn@lmglasfiber.com

Press releases 2007 & 2008:

14-02-2007
LM Glasfiber signs strategic cooperation agreement with Goldwind

29-03-2007
New R&D Centre in Bangalore, India marks the start of global innovation and technology push

10-05-2007
LM Glasfiber to move headquarters to Kolding

22-06-2007
LM Glasfiber to establish global business office in Amsterdam

18-07-2007
LM Glasfiber announces new blade plant in Little Rock, Arkansas

27-09-2007
DI awards 2007 Product Prize to the world's longest rotor blade

02-10-2007
Research partnership formed to develop new anti-icing surface treatment techniques for wind turbine blades

11-10-2007
LM Glasfiber opens its second blade factory in China

30-10-2007
LM Glasfiber opens its second turbine blade factory in India

16-04-2008
LM Glasfiber starts construction of new blade manufacturing facility in Goleniów in Poland

Group structure

- LM Glasfiber Holding A/S
- LM Group Holding A/S 100%
- LM Glasfiber (Services) B.V. 100%
- LM Glasfiber Española, S.A. 100%
  - LM Glasfiber Eólica, S.A. 100%
  - LM Composites Galicia, S.A. 100%
  - LM Glasfiber A/S 100%
    - LM Glasfiber Poland Sp. z o.o. 100%
    - LM Glasfiber Poland Sp. I z o.o. 100%
    - LM Glasfiber (Holland) B.V. 100%
    - LM Glasfiber (Deutschland) GmbH 100%
    - LM Glasfiber Canada Inc. 100%
    - 4305825 Canada Inc. 100%
    - LM Glasfiber (ND) Inc. 100%
    - LM Glasfiber Inc. 100%
    - LM Glasfiber (Tianjin) Co. Ltd. 100%
    - LM Glasfiber (India) Private Ltd. 100%
    - Covia A/S 100%
    - LM Glasfiber (Arkansas) Inc. 100%
    - LM Glasfiber R&D (India) Private Ltd. 100%
    - LM Glasfiber (Xinjiang) Co. Ltd. 100%
- LM Glasfiber Iberica, S.A. 100%

Directorships

Supervisory Board

Richard Hanson
Chairman
Appointed to the Supervisory Board in 2005.
Joint Chief Executive Officer at Doughty Hanson & Co.
Born in 1956.

Jan Amethier
Deputy Chairman
Appointed to the Supervisory Board in 2006.
Senior Principal at Doughty Hanson & Co.
Born in 1961.

Rikard Brattberger
Member of the Supervisory Board
Appointed to the Supervisory Board in 2004.
Principal at Doughty Hanson & Co.
Born in 1970.

John Leahy
Member of the Supervisory Board
Appointed to the Supervisory Board in 2005.
Senior Principal at Doughty Hanson & Co.
Born in 1957.

Peter Pedersen
Employee representative
Elected to the Supervisory Board in 2007.
Born in 1968.

Thomas Lindharth
Employee representative
Elected to the Supervisory Board in 2007.
Born in 1969.

Flemming Brorsbøl
Employee representative
Elected to the Supervisory Board in 2007.
Born in 1960.

Group Management

Roland Sundén
Chief Executive Officer
at LM Glasfiber since 2006.
Born in 1953.

Jørgen D. Gade
VP, Chief Financial Officer
at LM Glasfiber since 2001.
Responsible for global finance, treasury and IT.
Born in 1957.

Søren F. Knudsen
VP, Chief Commercial Officer
at LM Glasfiber since 2000.
Responsible for global sales, marketing, communication, business development and service.
Born in 1963.

Frank V. Nielsen
VP, Research & Development
at LM Glasfiber since 2000.
Responsible for global R&D.
Born in 1965.

Kenneth L. Kaser
VP, Global Manufacturing
at LM Glasfiber since 2006.
Responsible for global manufacturing, quality and production equipment.
Born in 1968.

Michael Hakes
VP, Human Resources
at LM Glasfiber since 2007.
Responsible for global HR.
Born in 1965.

Raffaele Muscetta
VP, Global Sourcing and Logistics
at LM Glasfiber since 2007.
Responsible for global sourcing and logistics.
Born in 1966.

Randy L. Fox
VP, General Manager,
North America since 2007.
Born in 1967.

Niels-Jørgen Koed
VP, General Manager,
Northern Europe since 2001.
Born in 1946.

Lin Qi
VP, General Manager, China since 2004.
Born in 1962.

Nirmal Kumar Gupta
VP, General Manager, India since 2002
Born in 1949.

Claus-Peter Starey
VP, General Manager, Southern Europe since 2007.
Born in 1951.

Definitions

Definition of key ratios

EBITDA margin* (%):	$\frac{\text{Operating profit before depreciation and amortisation (EBITDA) *}}{\text{Revenue}}$	x 100
EBIT margin (%):	$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$	x 100
Return on invested capital, including goodwill (%):	$\frac{\text{EBITA including goodwill}}{\text{Average invested capital including goodwill **}}$	x 100
Return on invested capital, excluding goodwill (%):	$\frac{\text{EBITA excluding goodwill}}{\text{Average invested capital excluding goodwill ***}}$	x 100
Solidity (%):	$\frac{\text{Equity, year-end}}{\text{Total assets}}$	x 100
Return on equity (%):	$\frac{\text{Profit for the year after tax}}{\text{Average equity excluding minority interests}}$	x 100

* Before special items.

** Average invested capital including goodwill comprises the sum of net working capital, intangible assets including goodwill and property, plant and equipment less other provisions and other long-term operating liabilities.

*** Average invested capital excluding goodwill comprises the sum of net working capital, intangible assets excluding goodwill and property, plant and equipment less other provisions and other long-term operating liabilities.

The financial ratios are calculated in accordance with the recommendations issued in 2006 by the Danish Society of Financial Analysts.

Annual Report 2007
Layout: Boje & Mobeck
Print: ATM
Photos: Piet Simonsen

Wind farms:
Cover, p.9, p.17: Mojagazas Wind Farm, Masegoso, Spain
P.4-5, p.11, p.66-67: Post Oak Wind Farm, Abilene, TX, USA (A special thanks to Horizon Wind Energy)
P.22-23: Olympic Wind Farm, Beijing, China
P.24: Anse-a-Valleau Wind Farm, Gaspé, Quebec, Canada

If we are to avoid putting millions of people at risk worldwide, we must reduce CO_2 emissions by at least 50% by 2050. Yet it is predicted that our demand for power will double by just 2030.

So we need new answers.
We need better solutions.

And that's where we deliver. LM-blades account for a third of the total wind power capacity worldwide.

www.lmglasfiber.com

LM Glasfiber Holding A/S

Rolles Møllevej 1
6640 Lunderskov
Denmark

Tel +45 79 84 00 00
Fax +45 79 84 00 01

www.lmglasfiber.com
info@lmglasfiber.com

CVR no. 25942094