Management's Review

The overall market for renewable energy is recovering and the whole wind industry is seeing the benefits. This trend continues, underpinned by strengthening global economic fundamentals, a growing demand for energy and a more stable regulatory environment in certain key markets.

The performance of LM Group Holding A/S and its subsidiaries ("LM Wind Power", the "Company" or the "Group") continues to improve in the second quarter of 2014. Sales were EUR 148.8 million (an increase of 16.8 % on the comparable period), with the US still generating the highest revenue resulting from the renewed and more consistent political support for the wind industry at a federal level.

EBITDA for Q2 was EUR 20.2 million, EUR 4.4 million lower than the similar period in 2013. 2014 year to date EBITDA was EUR 29.0 million, EUR 3.3 million lower than the previous year. These year-on-year reductions for H1 are primarily due to:

- The slower than expected ramp up of production facilities in Brazil (EUR 3.8 million for H1). Measures are being taken to ensure expected production rates in Brazil will be achieved.
- A stronger Euro against all currencies (translation effect of EUR 4.7 million for H1).
- H1 2013 benefiting from non-recurring other income of EUR 1.8 million.
- Offset by the additional EBITDA arising from strong sales growth in 2014.

The company produced positive year to date operating cash flows of EUR 10.6 million versus EUR 6.3 million last year and group liquidity was maintained at EUR 62.7 million at the end of Q2 2014, compared with EUR 50.1 million at the end of Q1 2014, an improvement of EUR 12.6 million.

Forward Looking Statements
This report may be deemed to include forward-looking statements, such as statements that relate to the listing of the corporate bonds, the performance of LM Wind Power. Forward-looking statements are typically identified by words or phrases, such as "about", "believe," "expect," "plan," "goal," "target," "strategy," and similar expressions or future or conditional verbs such as "may," "will," "should," "would," and "could." Forward-looking statements are LM Wind Power's current estimates or expectations of future events or future results. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties, including the risk that the bonds may not be listed on the date referenced herein. All forward-looking statements included in this press release are based on information available at the time of the release, and LM Wind Power assumes no obligation to update any forward-looking statement.

Interim Report for Q2 2014
(1 April 2014 - 30 June 2014)

LM Wind Power reports revenue of EUR 148.8 million and EBITDA of EUR 20.2 million for Q2 2014.

Highlights:
- Group revenue for Q2 and the first half year was EUR 148.8 million and EUR 273.0 million respectively
- EBITDA for Q2 and the first half year was EUR 20.2 million and EUR 29.0 million respectively
- Group liquidity comprising cash and undrawn credit facility amounted to EUR 62.7 million at the end of Q2 2014

EUR millions	2nd quarter		January to June	
	2014	2013	2014	2013
Revenue	148.8	127.3	273.0	233.4
Operating profit before depreciation and amortization (EBITDA)	20.2	24.6	29.0	32.3
Operating profit/(loss) before special items	9.7	10.5	6.1	5.2
Net finance costs	0.1	(13.1)	(9.3)	(16.8)
Profit/(Loss) before income tax	8.1	(2.8)	(4.8)	(12.7)
Profit/(Loss) for the period from continuing operations	4.7	(0.4)	(10.4)	(8.1)
Profit/(Loss) for the period	5.3	1.6	(9.9)	(5.6)
EBITDA:				
Results from operating activities before special items	9.7	10.5	6.1	5.2
Depreciation and amortization	10.5	14.1	22.9	27.1
EBITDA	20.2	24.6	29.0	32.3

This interim report for Q2 2014 has not been audited or reviewed.

There will be a conference call on August 21st 2014, at 2:30 pm (CET) where the CFO, Nick Smith, will go through the Q2 interim report. The conference call will be in English. To participate, please call one of the following numbers (the one closest to your location).

+45 3271 3505 (Denmark)
+31 (0) 207 085 041 (Netherlands)
+44 (0) 203 140 8110 (United Kingdom)
+1 347 532 1792 (United States)

If prompted, enter the Meeting Number: * 606279 * (Be sure to enter the * star key before and after the Meeting Number).

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Financial Review

To facilitate a like-for-like comparison, the Q2 2013 income statement figures have been restated to reflect the disposal of the Svendborg Brakes business which took place in December 2013. The Svendborg Brakes operating result in 2013 is presented as a separate item under “discontinued operations” in the consolidated income statement.

Revenue

Revenue in Q2 2014 increased EUR 21.5 million or 16.8% to EUR 148.8 million compared with EUR 127.3 million in Q2 2013. YTD revenue was EUR 273.0 million versus EUR 233.4 million in the first half of 2013, an increase of EUR 39.6 million or 17.0%.

This increase in sales was generated primarily from the US market as a result of the renewal of the PTC in 2013. India continued to deliver good growth. China generated the same level of revenue as last year whilst the recovery in Europe continues to be slow.

Share of loss of equity accounted investment

The Group’s 51% share of the loss in the new joint venture in Brazil was EUR 1.9 million, in line with Q1. This continued loss was caused by slower than expected ramp-up to full production.

Operating expenses

Q2 2014 cost of sales of EUR 61.1 million represented 41.1% of revenue, compared with 38.1% in Q2 2013. For the half year, the cost of sales was EUR 110.6 million (40.5% of revenue) against EUR 88.2 million (37.8%) in 2013. The key driver for this increase in percentage is start-up costs for new blade types and new manufacturing processes to meet strong market demand in the USA.

Other external expenses of EUR 25.0 million (16.8% of revenue) in Q2 2014 were EUR 5.2 million higher than EUR 19.8 million (15.6%) in Q2 2013. For H1 2014, costs of EUR 47.7 million (17.5% of revenue) were EUR 4.8 million higher than EUR 42.9 million (18.4%) in H1 2013. Although remaining broadly in line with prior year as a percentage of revenue, other external expenses have increased year-on-year due to higher volume.

Second quarter staff expenses were EUR 40.6 million (27.3% of revenue) against EUR 35.3 million (27.7%) in the same quarter last year. For the YTD, the staff expenses of EUR 81.9 million (30.0% of revenue) were 10.1 million higher than EUR 71.8 million (30.8%) in H1 2013. The year-on-year increase is largely direct labor in the US due to increased volume, as outlined above.

The depreciation and amortization charges of EUR 10.5 million in Q2 2014 were EUR 3.6 million lower than Q2 2013. The Group recorded YTD charges of EUR 22.9 million compared with EUR 27.2 million last year. In Q2 2014, the Group has revised the useful lives for certain fixed asset categories. This has resulted in a reduction of EUR 1.5 million in depreciation and amortization charges for Q2 2014. This change of useful lives has been applied prospectively from Q2 2014. Further information on the revised useful lives is disclosed in the “General Information: Basis of Preparation”.

EBITDA (defined as results from operating activities before special items, after adding back depreciation and amortization)

EBITDA for Q2 was EUR 20.2 million, EUR 4.4 million lower than the similar period in 2013. 2014 year to date EBITDA was EUR 29.0 million, EUR 3.3 million lower than the previous year. These year-on-year reductions for H1 are primarily due to:

- The slower than expected ramp up of production facilities in Brazil (EUR 3.8 million for H1). Measures are being taken to ensure expected production rates in Brazil will be achieved.
- A stronger Euro against all currencies (translation effect of EUR 4.7 million for H1).
- H1 2013 benefiting from non-recurring other income of EUR 1.8 million.
- Offset by the additional EBITDA arising from strong sales growth in 2014.

Special items

Included within special items charged below EBITDA are costs incurred in management restructuring of EUR 1.6 million for Q2 and H1 2014, compared with EUR 0.2 million and EUR 1.1 million for Q2 and H1 2013 respectively.

Financial income and expenses

Net finance costs for Q2 2014 were an income of EUR 0.1 million (FX gain of EUR 2.8 million offsetting interest expense of EUR 2.7 million) compared with an expense of EUR 13.1 million in Q2 2013 (FX loss of EUR 7.0 million and interest expense of EUR 6.5 million).

On a YTD basis, net finance costs amounted to EUR 9.3 million (FX gain of EUR 1.2 million; amortization of borrowing costs of EUR 6.0 million (largely due to the redemption of Senior Facilities); interest expense of EUR 4.5 million) versus EUR 16.8 million in 2013 (FX loss of EUR 5.6 million; amortization of borrowing costs of EUR 3.4 million; interest expense of EUR 7.8 million).

Tax

In the second quarter, the Group incurred a tax expense of EUR 3.4 million compared with a tax gain of EUR 2.5 million in the same quarter last year. YTD the Group incurred a EUR 5.6 million tax expense compared with a tax gain of EUR 4.5 million in 2013. The movement from a tax gain in 2013 to a tax expense this year was primarily due to a conservative decision in the current year not to recognize deferred tax assets for operations with tax losses where future utilization of these deferred tax losses is uncertain.

Net result

The net result for Q2 2014 was a profit of EUR 5.3 million compared with a profit of EUR 1.6 million in Q2 2013. The YTD net result was a loss of EUR 9.9 million versus a loss of EUR 5.6 million in 2013. The higher net loss in H1 2014 was largely caused by the tax expenses mentioned above.

Net debt

At the end of Q2 2014, the Group had a net debt position of EUR 102.8 million.

In March 2014, the Company redeemed its senior facilities of EUR 158.4 million, partly through issuance of a corporate bond with a nominal value of EUR 130 million and a fixed interest rate of 8% per annum. The corporate bond has a 5 year term. The interest is payable on a semi-annual basis in arrears with the first interest being paid in September 2014. The corporate bond was listed on NASDAQ OMX Copenhagen in May.

In connection with the corporate bond, the Company also entered into a revolving credit facility agreement for an amount of EUR 35 million, which can be used for general corporate and working capital purposes. This facility continues through to December 2018.

Cash flows

For the first six months of 2014, the operating activities before financial items and tax resulted in a cash inflow of EUR 23.2 million compared with a cash inflow of EUR 25.8 million in 2013.

Financing activities have resulted in a cash outflow of EUR 4.1 million in the first half of 2014 compared with a cash outflow of EUR 8.1 million the same period last year. The decrease was mostly attributable to the interest on the corporate bond which will not be payable until Q3 this year.

For the YTD, the cash flows from investing activities were EUR 2.5 million lower than the same period in 2013 as a result of management's strategy to reduce capital expenditure.

Group liquidity

Q2 2014 net cash and cash equivalents were EUR 27.7 million, compared with EUR 60.6 million at year-end 2013. This reduction in net cash and cash equivalents was mainly driven by the repayment of the Senior Facilities in March 2014 (see net debt commented upon earlier). In addition to the gross cash balance of EUR 32.7 million (net EUR 27.7 million), the Group had unutilized credit facilities of EUR 30 million, giving a total liquidity position of EUR 62.7 million at the end of Q2 2014, compared with EUR 50.1m at the end of Q1 2014.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Interim Report of LM Group Holding A/S for the financial period 1 January 2014 – 30 June 2014.

The Interim Report is prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act. Management's Review is also prepared in accordance with Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the Interim Report gives a true and fair view of the financial position as at 30 June 2014 of the Group and of the results of the Group's operations and the cash flows for the financial period 1 January 2014 – 30 June 2014.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group, of the results for the financial period and of the financial position of the Group as well a description of the most significant risks and elements of uncertainty facing the Group. Besides what has been in the Interim Report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated financial statements for 2013.

Kolding, 14 August 2014

Executive Board of Management

Leo Schot
Chief Executive Officer

Supervisory Board

John Leahy Chairman	Leo Schot	Nick Smith
Søren Høffer		

General information

1. Reporting entity

LM Group Holding A/S (the **"Company") is a company domiciled in Denmark.** These **condensed consolidated interim financial statements** ('interim financial statements") as at and for the six months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in a joint venture. The Group is primarily involved in manufacturing wind turbine blades.

The Company's functional currency is Danish kroner. These interim financial statements are, however, presented in Euro rounded up to the nearest thousand.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. Any events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013 are disclosed in the "Financial Review". These interim financial statements were authorized for issue by the Company's Board of Directors on 14 August 2014.

(b) Judgments and estimates

In preparing these interim financial statements, Management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the revised useful lives for certain fixed assets outlined below, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013 on pages 40-41.

Changes in useful lives of fixed assets

During the second quarter of 2014, based on the actual and planned usage of its fixed assets, the Group has reassessed and revised the estimated useful lives of certain of its fixed assets for the purpose of calculating depreciation and amortization, starting from 1st April 2014.

The table below shows the estimated useful lives before and after the changes:

	Estimated useful lives (years)	
Category of fixed assets	**Before change**	**After change**
Tangible fixed assets		
Buildings	25	25-30
Plant and Machinery	5	5-10
Intangible fixed assets		
Development projects	4	6

The above change of estimated useful lives has been reviewed and verified by the Group's external auditor. These changes in the estimated useful lives of fixed assets are accounted for as changes in accounting estimates and applied prospectively. Such changes will not impact on the financial statements that have already been disclosed by the Group.

These changes in accounting estimates are expected to reduce the Group's depreciation and amortization expense for the year ending 31st December 2014 by approximately EUR 4.5 million. The reduction in depreciation and amortization expense for Q2 2014 is EUR 1.5 million.

This expected reduction is only a preliminary assessment by the Group based on the information currently available, which has not been reviewed or audited by the Group's external auditor.

3. Significant accounting policies

Except for the changes in estimated useful lives of certain fixed assets outlined above, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2013 on pages 26-32.

4. Segment information

The Group is a supplier of wind turbine blades for the global market. Besides offering different types of blade products, no structural or organizational aspects are taken by the Group's management in terms of earning segmentation. In addition, production processes, internal controls and reporting are identical throughout the whole group. Therefore, the Group has not presented a segmental analysis.

5. Contingent liabilities

For the tax audit mainly relating to transfer pricing raised by the Danish tax authorities on LM Wind Power A/S, there is no further development in addition to what had been disclosed in the Q1 2014 interim report, which is repeated below for convenience.

A tax audit, mainly relating to transfer pricing, in relation to LM Wind Power A/S was commenced in June 2012. On 1 May 2014, the Danish tax authorities notified LM through a pre-assessment notice of their intention to increase their assessment of pre-tax income for the years 2008 through 2012. The LM group strongly disagrees with the views of the Danish tax authorities as expressed in the pre-assessment notice and intends to enter into a dialogue with the authorities with the intention of clarifying the claim's factual background. To the extent additional tax liabilities crystallize, the Group would seek to reduce such liabilities against any available tax loss carry-forwards and recover such liabilities in other jurisdictions in accordance with OECD guidance. The Group does not intend to quantify any contingent tax liabilities regarding this assessment at this time due to impracticability. To the extent the group is unable to reduce or offset any such additional liability, this may have a material adverse effect on the group, including on its financial position and liquidity.

Consolidated income statement

	2nd quarter		January to June	
EUR thousands	**2014**	**2013**	**2014**	**2013**
Revenue	148.778	127.332	273.019	233.437
Share of profit/(loss) of equity accounted investment	(1.850)	-	(3.750)	-
Other income	5	956	7	1.780
Operating Income	**146.933**	**128.288**	**269.276**	**235.217**
Cost of sales	61.130	48.496	110.641	88.178
Other external expenses	25.043	19.829	47.721	42.897
Staff expenses	40.565	35.322	81.875	71.814
Depreciation and amortization	10.524	14.158	22.914	27.159
Operating expenses before special items	**137.262**	**117.805**	**263.151**	**230.048**
Results from operating activities before special items	**9.671**	**10.483**	**6.125**	**5.169**
Special items	1.647	202	1.647	1.096
Results from operating activities	**8.024**	**10.281**	**4.478**	**4.073**
Net finance costs	101	(13.124)	(9.313)	(16.755)
Profit/(Loss) before income tax	**8.125**	**(2.843)**	**(4.835)**	**(12.682)**
Income tax	3.387	(2.492)	5.579	(4.537)
Profit/(Loss) for the period from continuing operations	**4.738**	**(351)**	**(10.414)**	**(8.145)**
Discontinued operations				
Profit/(loss) for the period from discontinued operations	539	1.950	539	2.507
Profit/(Loss) for the period	**5.277**	**1.599**	**(9.875)**	**(5.638)**

Consolidated statement of comprehensive income

	2nd quarter		January to June	
EUR thousands	**2014**	**2013**	**2014**	**2013**
Profit/(Loss) for the period	**5.277**	**1.599**	**(9.875)**	**(5.638)**
Other comprehensive income				
Items that may be subsequently reclassified to income statement:				
Exchange rate adjustments at period end	511	(355)	285	142
Exchange rate adjustment, foreign entities	863	(4.605)	596	(2.819)
Fair value adjustment of hedge instruments	96	210	228	453
Income tax on other comprehensive income	19	-	(14)	(61)
Other comprehensive income for the period, net of income tax	**1.489**	**(4.750)**	**1.095**	**(2.285)**
Total comprehensive income for the period	**6.766**	**(3.151)**	**(8.780)**	**(7.923)**

Consolidated balance sheet

EUR thousands	30 June 2014	31 December 2013
Assets		
Goodwill	244.497	244.368
Completed development projects	19.649	23.237
Development projects in progress	3.749	1.471
Intangible assets	**267.895**	**269.076**
Land and buildings	88.276	89.899
Plant and machinery	53.815	64.141
Fixtures, fittings and equipment	4.541	5.076
Leasehold improvements	4.314	5.551
Property, plant and equipment under construction	24.656	18.068
Property, plant and equipment	**175.602**	**182.735**
Equity accounted investment	-	-
Other securities	579	355
Deferred tax asset	40.081	36.142
Other non-current assets	**40.660**	**36.497**
Total non-current assets	**484.157**	**488.307**
Inventories	85.830	71.823
Trade and other receivables	148.370	157.532
Receivables from Group companies	66.550	63.536
Income taxes	3.278	20.890
Prepayments	6.062	4.541
Cash & cash equivalents	27.689	60.640
Total current assets	**337.779**	**378.962**
Total assets	**821.936**	**867.269**

Consolidated balance sheet

EUR thousands	30 June 2014	31 December 2013
Liabilities and equity		
Share capital	9.385	9.378
Other reserves	(1.232)	(1.445)
Retained earnings	376.291	385.291
Total equity	**384.444**	**393.224**
Provisions	31.326	32.138
Loans and borrowings	129.761	4.211
Finance leases	182	275
Prepayments from customers	30.608	26.527
Deferred tax liabilities	-	53
Deferred income	19.711	21.522
Total non-current liabilities	**211.588**	**84.726**
Provisions	29.168	29.674
Loans and borrowings	394	152.864
Finance leases	190	208
Prepayments from customers	22.634	19.616
Income taxes	13.417	32.495
Trade payables	99.003	92.526
Other payables	58.314	58.895
Deferred income	2.784	3.040
Total current liabilities	**225.904**	**389.319**
Total liabilities	**437.492**	**474.045**
Total equity and liabilities	**821.936**	**867.269**

Consolidated statement of changes in equity

EUR thousands	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
Equity at 31 December 2013	**9.378**	**(2.581)**	**1.136**	**385.291**	**393.224**
Profit for the period	-	-	-	(9.875)	(9.875)
Exchange rate adjustment at period-end rates	7	(2)	1	279	285
Exchange rate adjustment, foreign entities	-	-	-	596	596
Fair value adjustment of hedge instruments	-	-	228	-	228
Income tax on other comprehensive income	-	-	(14)	-	(14)
Total comprehensive income	7	(2)	215	(9.000)	(8.780)
Equity at 30 June 2014	**9.385**	**(2.583)**	**1.351**	**376.291**	**384.444**
Equity at 31 December 2012	**9.378**	**5.560**	**654**	**465.378**	**480.970**
Profit for the period	-	-	-	(5.638)	(5.638)
Exchange rate adjustment at period-end rates	2	2	-	137	142
Exchange rate adjustment, foreign entities	-	-	-	(2.819)	(2.819)
Fair value adjustment of hedge instruments	-	-	453	-	453
Income tax on other comprehensive income	-	-	(61)	-	(61)
Total comprehensive income	2	2	392	(8.320)	(7.923)
Equity at 30 June 2013	**9.380**	**5.562**	**1.047**	**457.058**	**473.047**

Consolidated statements of cash flows

EUR thousands	January to June 2014	January to June 2013
Loss for the period	**(9.875)**	**(5.638)**
Adjustments for non-cash transactions	32.548	32.262
Changes in working capital	503	(796)
Cash flows from operations before financial items and tax	**23.176**	**25.828**
Net financial expenses	(4.093)	(8.139)
Cash flows from operations before tax	**19.083**	**17.689**
Income tax paid	(8.486)	(11.419)
Cash flow from operating activities	**10.597**	**6.270**
Purchase of property, plant and equipment	(11.338)	(10.816)
Purchase of intangible assets	(2.279)	(5.286)
Cash flow from investing activities	**(13.617)**	**(16.102)**
Repayment of long term debt	(29.931)	(19.900)
Cash flow from financing activities	**(29.931)**	**(19.900)**
Net change in cash and cash equivalents	**(32.951)**	**(29.732)**
Cash and cash equivalents beginning of year	60.640	90.303
Net change in cash and cash equivalents	(32.951)	(29.732)
Cash and cash equivalents at period end	**27.689**	**60.571**