ANNUAL REPORT 2012

KIRKBI building

TABLE OF CONTENTS

FINANCIAL HIGH-LIGHTS

KIRKBI Group

(m DKK)	IFRS* 2012	IFRS* 2011	DANISH GAAP* 2011	DANISH GAAP* 2010	DANISH GAAP* 2009	DANISH GAAP* 2008
Income statement:						
Operating profit from strategic activities	8,677	6,453				
Operating profit from investment activities	1,649	108				
Total operating profit	10,166	6,425	5,957	5,065	2,821	1,950
Profit for the year	7,682	4,880	4,019	5,207	2,962	(210)
Balance sheet:						
Total assets	40,103	32,052	32,364	29,285	25,768	23,813
Equity	29,607	23,416	23,834	21,063	16,820	14,546
Non-controlling interests	2,491	1,763	1,763	1,846	1,202	980
Liabilities	8,005	6,873	6,227	6,376	7,746	8,287
Cash flow statement:						
Cash flows from operating activities	7,713	4,739	4,739	4,775	3,785	979
Investment in property, plant and equipment	(3,064)	(1,344)	(1,344)	(1,347)	(1,377)	(68)
Investment in intangible assets	(81)	(129)	(129)	(131)	(216)	(121)
Employees:						
Average number (full-time)	10,598	9,542	9,542	8,508	7,425	5,714
Financial ratios (in %):						
Equity ratio	80.0 %	78.6 %	79.1 %	79.7 %	68.5 %	63.3 %
Return on equity	23.6 %	17.7 %	13.2 %	22.5 %	15.3 %	-5.6 %

* The comparative figures for 2008 – 2011 are prepared according to generally accepted accounting principles in Denmark (Danish GAAP) and the consolidated financial statements for the year 2011 are the first ones prepared in accordance with IFRS. The figures for 2008 – 2011 (Danish GAAP) are therefore not necessarily comparable with the financial figures for 2011 and 2012 (IFRS).

Financial ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2010", issued by the Danish Society of Financial Analysts.

Parentheses denote negative figures.

2012 AT A GLANCE

2012 was another strong year for the KIRKBI Group. The LEGO Group had an outstanding performance based on strong growth in consumer sales and Merlin Entertainments showed growth in both number of visitors and operating profit. The investment activities showed a good result based on positive development in the financial markets and efficient portfolio allocation.

In February 2012 we announced our DKK 3 billion investment in the Borkum Riffgrund 1 offshore wind farm. The wind farm – which from 2015 will supply power equivalent to the annual electricity consumption of more than 285,000 households – is to be constructed and managed by DONG Energy and our investment is made in partnership with the Oticon Foundation via William Demant Invest A/S. Through this investment we will fulfill the LEGO Group's goal to generate enough renewable energy capacity to meet 100 percent of the Group's energy needs by 2020 and simultaneously obtain a solid long-term financial return.

In 2012 the LEGO Group continued its strong growth of recent years and revenue increased by 25 % to DKK 23.4 billion and the operating profit was DKK 8.0 billion. The revenue growth is driven by strong performance in the key product lines LEGO® Star Wars ™, LEGO City, LEGO Ninjago and the new product line LEGO Friends. Driven by the consumer demand and future growth plans, the LEGO Group continued its extensive investments in production capacity.

Merlin Entertainments had a good year with 54 million visitors and sound growth in underlying operating profit despite weak economic conditions in many countries in Europe and challenging weather conditions in the major market in the UK. Merlin Entertainments continued the growth in Asia – most notably through the opening of the world's sixth LEGOLAND® Park in Malaysia in the autumn of 2012. The opening has been highly successful and provides many children in Malaysia, Singapore and other Asian countries with the opportunity to have a true LEGOLAND experience.

Based on the dividend flow from the LEGO Group and the financial return of recent years, we have continued the growth in the investment portfolio. During the year we partly focused on identifying longer-term investment opportunities. In line with this strategy we invested in 20 % ownership in Falck Holding A/S in 2011 and in 2012 we invested more than DKK 1 billion in obtaining an 8 % interest in the ISS Group, which is a global leader in the facility service industry. ISS is a well-run company and we believe that the ISS Group is well-positioned for further growth, especially in the emerging markets.

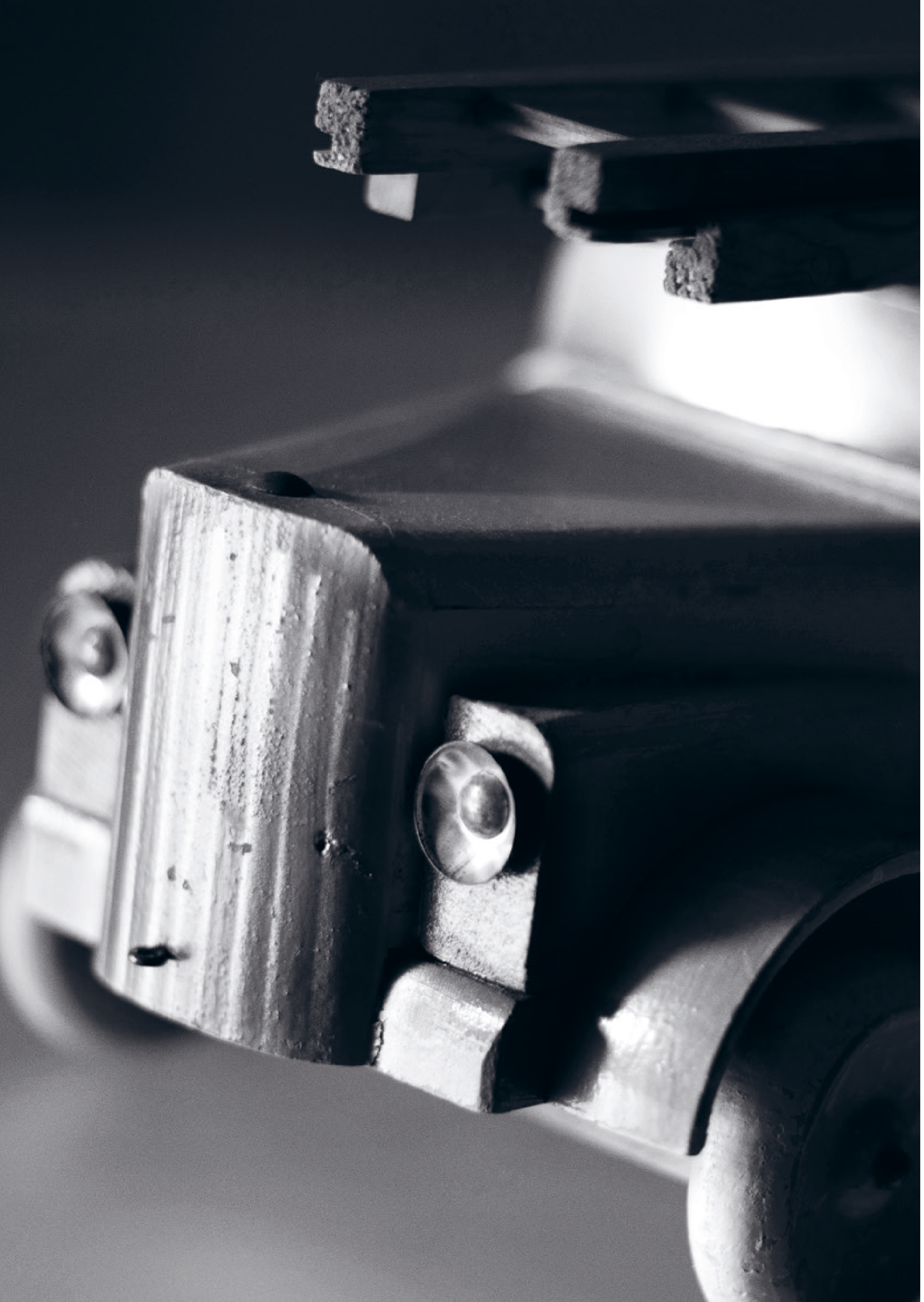
The investment portfolio yielded a healthy return – somewhat above the comparable market return. The return was driven by positive development in the majority of the relevant financial markets and good performance in our fixed income, equity, private equity and real estate portfolios, driven by efficient portfolio allocation and management.

The strong result is built on the motivation and engagement from the employees and we thank all employees in the KIRKBI Group for their dedicated efforts during the year.

The outstanding result builds a firm foundation for the future and the KIRKBI Group is financially strong and well-positioned to support the continued growth of the LEGO Group and Merlin Entertainments and to target attractive investment opportunities within our investment strategy.

Kjeld Kirk Kristiansen
Chairman of the Board

Søren Thorup Sørensen
CEO



GROUP INFORMATION AND STRUCTURE

Parent Company
KIRKBI A/S
Koldingvej 2
DK – 7190 Billund
Tel: + 45 75 33 88 33
Fax: + 45 75 33 89 44

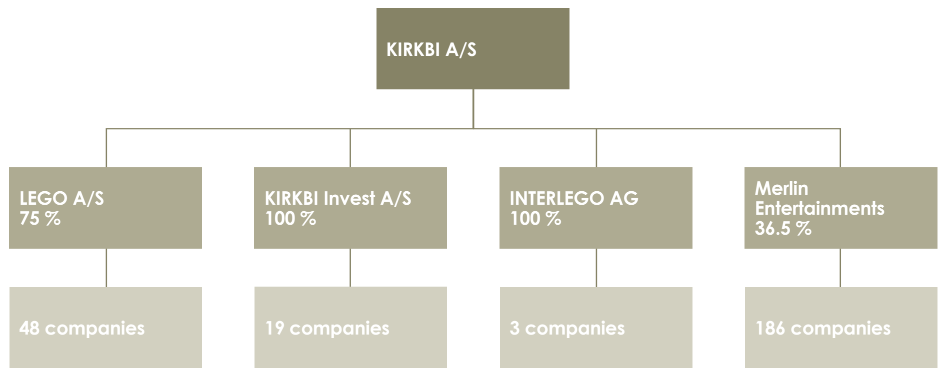
Website: www.kirkbi.com
E-mail: kirkbi@kirkbi.dk

Board of Directors
Kjeld Kirk Kristiansen (chairman)
Niels Jacobsen (deputy chairman)
Jeppe Christiansen
Peter Gæmelke
Thomas Kirk Kristiansen

Executive Management
Søren Thorup Sørensen

Auditors
Ernst & Young

MAIN GROUP STRUCTURE



(for a detailed group structure please refer to note 33)

KIRKBI building

"OUR AMBITIOUS VISION WILL DRIVE OUR PERFORMANCE"

Søren Thorup Sørensen, CEO

ABOUT KIRKBI

A FAMILY-OWNED HOLDING COMPANY

KIRKBI A/S is a holding and investment company, which – in addition to a broad investment portfolio – owns the LEGO® brand and the majority of the Kirk Kristiansen family's joint activities, including the majority shareholding in LEGO A/S and a significant shareholding in Merlin Entertainments, which among other activities owns the LEGOLAND® parks and LEGOLAND Discovery Centers.

KIRKBI has a long-term investment profile and wants to act as a responsible investor with a high ethical standard. This is reflected in the way we conduct our business and in the way the companies we invest in are operated. On this basis, we will act as a good member of society and support the LEGO brand and the long-term value of the assets.

The activities within the KIRKBI Group are divided into strategic and investment activities.

The strategic activities include ownership of the LEGO brand and trademarks, the LEGO Group, Merlin Entertainments and investments in renewable energy.

The investment activities include investments in fixed income instruments, listed equities, private equity, real estate etc. In addition to this the KIRKBI Group makes long-term equity investments, such as the 20 % ownership in Falck Holding A/S.

FAMILY **KIRK** KRISTIANSEN
+ **BI**LLUND
= KIRKBI

The KIRKBI name dates back to the 1980s when it was adopted for the Kirk Kristiansen family's investment company – until then known under various LEGO names – to underline the difference between the LEGO activities and the family's investment activities. The name is a combination of the family name KIRK and the location of the company in Billund, Denmark.

OPERATING PROFIT

(m DKK)	2012	2011
Strategic activities	8,677	6,453
Investment activities	1,649	108
Other operating activities	10	(2)
Administration and trademark costs	(170)	(134)
Total operating profit	**10,166**	**6,425**

LEGO GROUP

ABOUT THE LEGO GROUP

The LEGO Group is engaged in the development of children's creativity through play and learning. Based on the world-famous LEGO® brick, the company today provides toys, experiences and educational materials for children in more than 130 countries.

The LEGO Group has more than 10,000 full-time employees, and it is the world's third largest toy manufacturer.

The name LEGO was created by the two Danish words LEg GOdt, meaning "play well", and the development of children's creativity through play and learning has been at the core of the company ever since its foundation. The LEGO brick, which was invented in its present form in 1958, and the LEGO building system form the platform for open-ended play, and provide children with endless possibilities of realising their true potential.

The aim of the company is to "inspire and develop the builders of tomorrow", and all products are based on the underlying philosophy of development through play. It is the LEGO philosophy that "good quality play" enriches a child's life – and lays the foundation for its development later in life.

The LEGO Group was founded by the Kirk Kristiansen family in 1932 and has since then been headquartered in Billund, Denmark. Production takes place in Denmark, the Czech Republic, Hungary and Mexico, and other large locations are USA, Germany and the UK.

The LEGO Group is owned 75 % by KIRKBI A/S and the remaining 25 % is owned by the LEGO Foundation through Koldingvej 2, Billund A/S.

HIGHLIGHTS FOR 2012

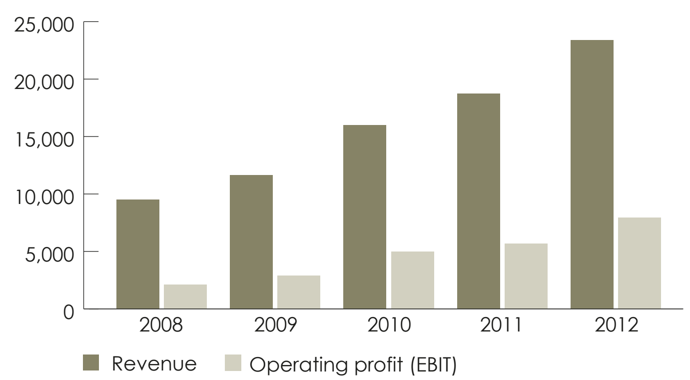
In 2012, the LEGO Group continued its strong growth of recent years. LEGO products increased their market share all over the world. With double-digit growth rates, North America, Asia, Central and Eastern Europe delivered impressive development in LEGO sales in 2012. Totally the LEGO Group's sales increased by 25 % to DKK 23.4 billion in a market for traditional toys that globally declined in value in 2012.

The LEGO Group continued recent years' extensive investments in production capacity with an expansion of the factory in Kladno (Czech Republic), and a new high-bay warehouse in Monterrey (Mexico). Furthermore decisions regarding future expansions of the factories in Kladno (Czech Republic) together with a new factory in Nyiregyháza (Hungary) were made.

Operating margin increased in 2012 to 34.0 % from 30.2 % in 2011, resulting in a total operating profit for 2012 of DKK 8.0 billion compared to DKK 5.7 billion in 2011.

Based on the LEGO Group's strong momentum at the end of 2012, continued sales growth is expected in 2013. However, the economic challenges in many European and North American markets are expected to result in lower growth rates than achieved in recent years.

5 YEARS' PERFORMANCE (m DKK)



Management Board
Jørgen Vig Knudstorp, CEO
John Goodwin, CFO
Bali Padda, COO
Mads Nipper, CMO

Board of Directors
Niels Jacobsen, Chairman
Kjeld Kirk Kristiansen, Deputy Chairman
Eva Berneke
Thomas Kirk Kristiansen
Kåre Schultz
Torben Ballegaard Sørensen
Søren Thorup Sørensen

FINANCIAL HIGHLIGHTS (m DKK)

	2012	2011
Revenue	23,405	18,731
Operating profit	7,952	5,666
Profit before tax	7,522	5,542
Profit for the year	5,613	4,160
Equity	9,864	6,975
Cash flows from operating activities	6,220	3,828
Investments	(1,790)	(1,580)
Average number of employees	10,400	9,374

MERLIN ENTERTAINMENTS

ABOUT MERLIN ENTERTAINMENTS

Merlin Entertainments is Europe's leading and the world's second-largest visitor attraction operator. Merlin delivers memorable and rewarding experiences to its more than 54 million visitors worldwide through its portfolio of iconic global and national brands and the commitment and passion of its managers and more than 20,000 employees. It has seen the most successful and dynamic growth of any company in its sector and ran 94 attractions across four continents at year-end 2012.

Merlin operates through three operating groups: LEGOLAND® Parks, Resort Theme Parks and Midway Attractions, using a number of international brands including SEA LIFE, Madame Tussauds, the Dungeons, LEGOLAND and the Eye.

The six LEGOLAND resorts across Europe, USA and Asia offer a unique LEGO® themed experience for families with children based on interactivity, imagination, family fun and quality. Also in the eight LEGOLAND Discovery Centers across Europe and USA families with young children are offered an indoor, interactive and immersive experience.

Merlin is a privately owned company whose primary shareholders are KIRKBI A/S, Blackstone Group, CVC Capital Partners and members of the management team.

KIRKBI is the major shareholder of Merlin Entertainments with a 36 % interest.

HIGHLIGHTS FOR 2012

The year 2012 marked another year of substantial progress for Merlin Entertainments, passing 50 million visitors and GBP 1 billion in revenue. The company delivered double-digit EBITDA growth and expanded its business to 94 attractions in 21 countries.

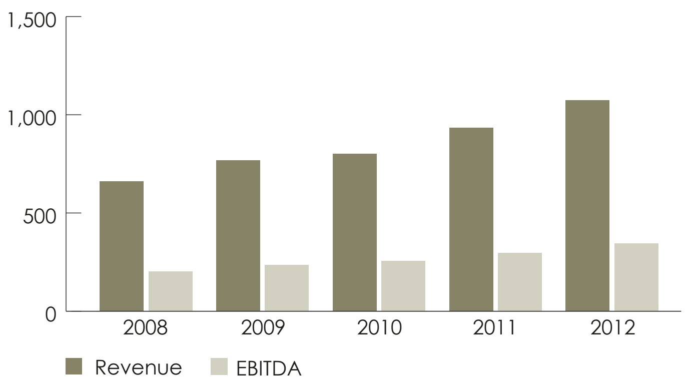
This progress was achieved despite three major negative external factors during the year. The second-wettest year on record in the UK was matched by similar poor weather in other parts of the continent, adversely affecting theme park attendances across the operating season. Secondly, the Olympics in London cannibalised attraction visits in the UK, and finally the Eurozone crisis had its most profound impact in southern Europe and led to a severe contraction in leisure spending within that region.

The year ended with a GBP 40 million increase in EBITDA to GBP 346 million, which was mainly driven by new site openings and acquisitions, but the existing business experienced, despite the negative external factors, 1.9 % growth on a like-for-like basis.

Merlin made in the beginning of 2012 an acquisition of Living and Leisure Australia, and in September the new LEGOLAND park in Malaysia opened with more than 10,000 Malaysian and Singaporean visitors participating in the official opening. LEGOLAND Malaysia is the first LEGOLAND park in Asia and has sold the highest number of annual passes ever in the history of Merlin.

Merlin will continue to pursue other opportunities for new LEGOLAND parks in the years to come.

5 YEARS' PERFORMANCE (m GBP)



The Management Committee

Sir John Sunderland, chairman
Nick Varney, CEO
Andrew Carr, CFO
Søren Thorup Sørensen
Thomas Lau Schleicher
Joseph Baratta
Gerry Murphy
Rob Lucas
Pev Hooper

FINANCIAL HIGHLIGHTS (m DKK)

	2012	2011
Revenue	9,932	8,072
EBITDA	3,184	2,570
Profit for the year	735	567
Equity	5,599	4,895
Cash flows from operating activities	3,178	2,598
Average number of employees (FTE)	14,836	12,364
Visitors (millions)	54.0	46.4
Ownership	36.5 %	36.3 %
KIRKBI's share of profit for the year	266	206

RENEWABLES

ABOUT RENEWABLES

Renewables is the new strategic investment area for the KIRKBI Group. The primary reason behind the investment is to support the LEGO Group's goal to generate enough renewable energy capacity to meet 100 % of its energy needs by 2020.

In addition to supporting the LEGO Group's environmental goals, this investment also sends a clear signal that the Kirk Kristiansen family as owners want to make a positive impact - and it is a solid, long-term investment which fits well with the KIRKBI strategy.

HIGHLIGHTS FOR 2012

In February 2012 the KIRKBI Group entered into a joint venture with William Demant Invest and DONG Energy to construct 77 3.6MW wind turbines in the North Sea at the German coast, equivalent to the annual electricity consumption of more than 285,000 households.

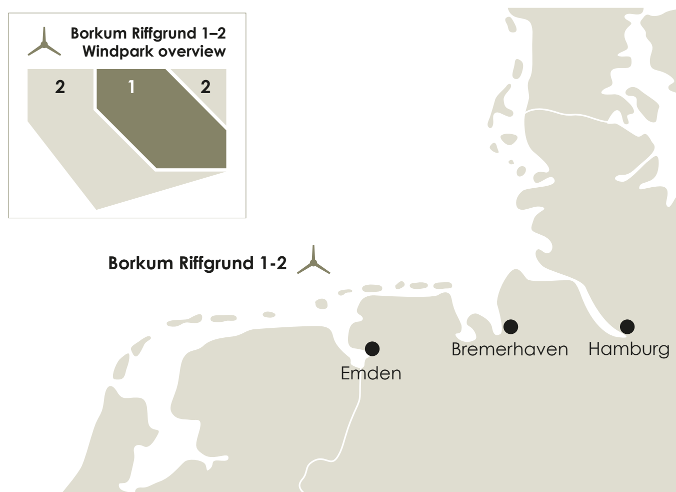
The offshore wind farm is named Borkum Riffgrund I.

The KIRKBI Group's ownership of the entire wind farm will be 31.5 %, equal to an investment of approximately DKK 3 billion, which is the biggest investment from a private Danish company in wind farms ever made.

Borkum Riffgrund I is under construction by DONG Energy and the first electricity is expected to be produced towards the end of 2014. KIRKBI has in principle agreed to a turn-key solution with DONG Energy whereby DONG Energy assumes the overall risks directly associated with the construction until the farm is fully operational.

KIRKBI makes yearly installments to fund the construction phase, and the construction is so far following the overall plans and timetables.

LOCATION



FINANCIAL HIGHLIGHTS

(m DKK)	2012
Revenue	–
Profit for the year	(6)
Ownership of Borkum Riffgrund I	31.5 %

INVESTMENT ACTIVITIES

ABOUT INVESTMENT ACTIVITIES

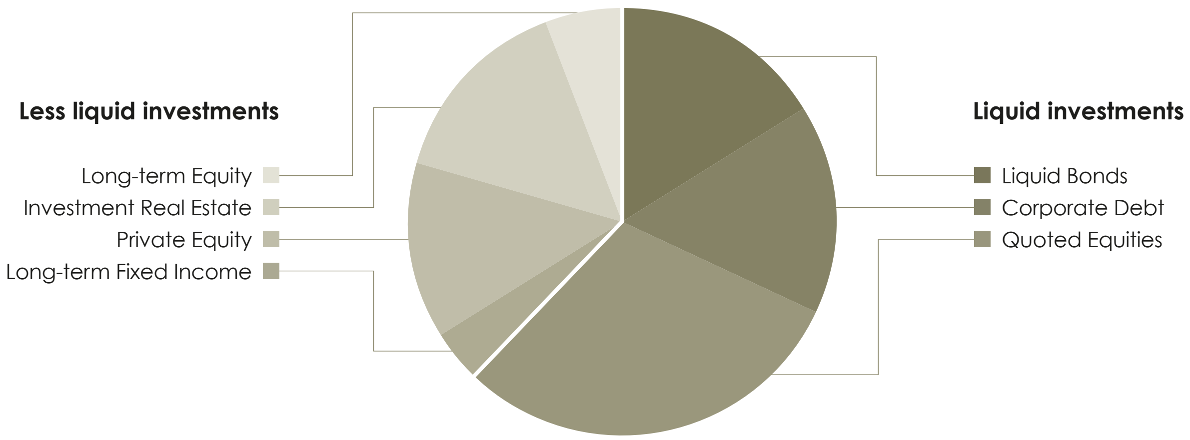
The investment philosophy of KIRKBI is within prudent levels of risk and a sufficient level of liquidity to invest in different value-creating activities. The investments are handled by the investment team to achieve the highest possible rate of total risk-adjusted return.

The investment portfolio is divided into liquid investments and less liquid investments with the purpose of having sufficient liquidity at all times and to maintain sufficient diversification. The investment approach is fundamentally driven with actively managed investments by a dedicated and lean organisation. The types of investment are:

Liquid investments
- Liquid Bonds
- Corporate Debt
- Quoted Equities (global)

Less liquid investments
- Long-term Equity
- Investment Real Estate
- Private Equity
- Long-term Fixed Income

ALLOCATION OF INVESTMENT PORTFOLIO YEAR-END 2012



INVESTMENT ACTIVITIES

HIGHLIGHTS FOR 2012

During 2012, a total of DKK 3.2 billion was invested in the investment portfolio. The bulk – DKK 1.7 billion – was invested in the less liquid asset classes, while the remainder – DKK 1.5 billion – was invested in the liquid investment portfolio.

The liquid investment portfolio has mainly been invested in corporate debt and quoted equities, which yielded the highest returns during 2012, while fewer funds were invested in liquid bonds, which yielded a lower return.

The majority of the new investments within less liquid assets followed the acquisition in August of a 7.8 % interest in ISS A/S, which is the world's leading facility service company with more than 530,000 employees.

Within Private Equity new commitments for DKK 0.2 billion and direct investments of DKK 1.1 billion were made during the year.

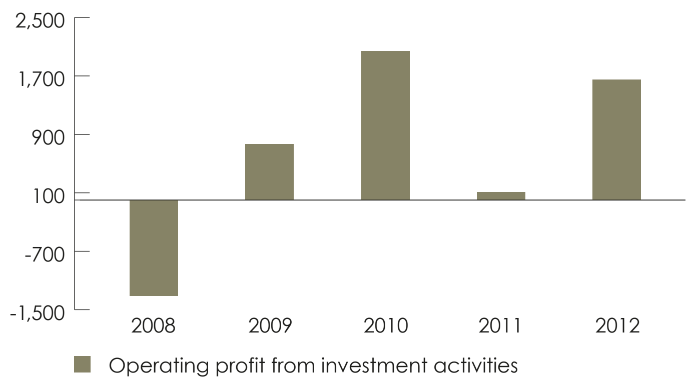
The Long-term equity investment in Falck Holding A/S in 2011 is progressing with continuing positive organic growth rates and sound financials.

In real estate, three investment properties were bought in Switzerland, containing all together app. 18,000 m², and the London project – New Fetter Place – is still under construction.

Finally additional funds were invested in Long-term Fixed Income through a US loan vehicle.

Investment Team
- Søren Thorup Sørensen,
  Chief Executive Officer
- Kurt Carstensen,
  Chief Financial Officer
- Thomas Lau Schleicher,
  Vice President Private Equity
- Lars Boné,
  Vice President Fixed Income
- Jacob Muusmann,
  Vice President Quoted Equities
- Henrik Thomsen,
  Vice President Investment Service
- Beat Näf,
  CEO, KIRKBI AG

5 YEARS' PERFORMANCE (m DKK)



FINANCIAL HIGHLIGHTS (m DKK)

	2012	2011
Operating profit from investment activities	1,649	108

FINANCIAL REVIEW

INCOME STATEMENT

The KIRKBI Group's profit before tax for 2012 amounted to DKK 10,138 million against DKK 6,359 million in 2011. The profit after tax and non-controlling interests for 2012 were DKK 6,257 million compared with DKK 3,823 million for 2011.

The profit for the year is considered highly satisfactory.

It is proposed to distribute dividend in the amount of DKK 200 million.

BALANCE SHEET

At the end of the year, the assets totalled DKK 40.1 billion against DKK 32.1 billion in 2011. The increase is primarily due to investments in operational assets and investment-related securities. The equity ratio was 80.0 % against 78.6 % in 2011.

CASH FLOWS

In 2012, the cash flows from operating activities was DKK 7,713 million against DKK 4,739 million in 2011. The cash flows from investing activities was DKK -6,422 million against DKK -4,779 million in 2011.

DEVELOPMENT IN THE KIRKBI GROUP'S ACTIVITIES AND FINANCIAL POSITION

The satisfactory results for the year are due to the continuing positive development for the LEGO Group and Merlin Entertainments combined with positive results from the investment activities.

In 2012, the LEGO Group had yet another successful year and the results are considered highly satisfactory. The company's net revenue increased by 25 % to DKK 23.4 billion. Earnings also improved significantly as profit before tax was DKK 7,522 million against DKK 5,542 million in 2011.

Merlin Entertainments also improved net revenue and net profit before tax compared to 2011. Net revenue increased by 15 % to GBP 1,074 million and the profit for the year increased by 12 % to GBP 76 million. KIRKBI's share of the profit for the year is 36 %.

A new strategic asset within renewable energy was acquired in the beginning of 2012 as KIRKBI will invest about DKK 3 billion in a new offshore windfarm Borkum Riffgrund I, which is to be established and operated by DONG Energy. This investment will be paid in instalments until 2014.

The investment activities yielded a satisfactory return with DKK 1,649 million compared to DKK 108 million in 2011. This result is driven by positive results for bonds, equities, real estate and private equity. During the year the investment portfolio increased and the most significant investment in the investment portfolio during the year is the acquisition of a 8 % shareholding in ISS A/S.

KNOWLEDGE RESOURCES

In the KIRKBI Group's core activities, employees are the single most critical resource. The KIRKBI Group's results are accomplished thanks to the motivation and commitment of the employees. As part of the overall corporate strategy, employees and management work together to continuously secure job satisfaction and a strong working environment.

In 2012, the average number of full-time employees was 10,598 against 9,542 in 2011. These numbers are exclusive of the employees in Merlin Entertainments. More than 98 % of the employees work in the LEGO Group.

All employees of the LEGO Group and the parent company are subject to a Performance Management Programme, which aims to link business goals with individual employee goals. This programme includes a tiered bonus scheme.

RISKS

The KIRKBI Group's risks primarily relate to developments within the global toy market, the market for family entertainment and other leisure activities, and the financial markets.

CORPORATE SOCIAL RESPONSIBILITY

Both of the KIRKBI Group's major investments, the LEGO Group and Merlin Entertainments work intensively with their relative impact on the surrounding society. This work includes areas such as the environment, energy consumption, human rights, labour rights, waste management and anti-corruption.

The LEGO Group is preparing a separate Progress Report, to which the KIRKBI Group refers, which describes the company's policies, standards and guidelines for social responsibility and how policies are translated into action through systems and procedures. The Progress Report also includes the company's environmental impact.

The Parent Company is working with ethical guidelines for the investment area using external screening to ensure that the objectives are met.

As part of its corporate social responsibility and with the intention of reducing the KIRKBI Group's total environment impact, it has in 2012 entered into an agreement to make significant investment in an offshore wind farm.

In the other group enterprises, work is constantly ongoing to improve the working environment.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Parent Company does not engage in research or development activities. Group enterprises conduct research and development within their respective business areas.

EXPECTATIONS

The investment activities will be impacted by the development in the global economy in 2013 and hence it is difficult to express clear expectations for the results of the year. The objective for the KIRKBI Group is to create satisfactory long-term returns.

Both the LEGO Group and Merlin Entertainments expect satisfactory results in 2013.

The overall results of operations for 2013 for the KIRKBI Group are expected to be satisfactory.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT

Søren Thorup Sørensen
Chief Executive Officer since 2010

Chairman of the Board of K&C Holding A/S and Boston Holding A/S

Deputy Chairman of KIRKBI AG and INTERLEGO AG

Member of the Board of LEGO A/S, KIRKBI Invest A/S. Koldingvej 2 Billund A/S, LEGO Juris A/S, TopDanmark A/S, TopDanmark Forsikring A/S, TDC A/S, Falck A/S, Falck Danmark A/S, Falck Holding A/S and Merlin Entertainments

BOARD OF DIRECTORS

Kjeld Kirk Kristiansen
Chairman of the Board and member since 1974

Shareholder of KIRKBI A/S

President and CEO of the LEGO Group 1979-2004

Chairman of the Board of the LEGO Foundation, Koldingvej 2 Billund A/S, Ole Kirk's Foundation, INTERLEGO AG, KIRKBI Invest A/S, LEGO Juris A/S, Schelenborg Gods ApS, Lundhøjgård ApS, Klinkbygård ApS and Blue Hors ApS

Deputy Chairman of the Board of LEGO A/S

Member of the Board of Capital of Children Company A/S, K&C Holding A/S, KIRKBI AG, Majgaard Branding A/S, KGH Holding Grindsted A/S and the KG Foundation

Niels Jacobsen
Deputy Chairman of the Board and member since 2008

President & CEO of William Demant Holding A/S

Chairman of the Board of LEGO A/S and Össur hf

Deputy Chairman of the Board of A. P. Møller-Mærsk A/S

Member of the Board of Boston Holding A/S

Jeppe Christiansen
Member of the Board since 2008

CEO (and co-founder) of MAJ Invest A/S

Member of the Board of NOVO A/S, Haldor Topsøe A/S and Symphogen A/S

Peter Gæmelke
Member of the Board since 2001

Farmer and former President of the Danish Agriculture & Food

Chairman of the Board of Danske Spil A/S, The Loevenholm Foundation and Bionaturgas Danmark A/S

Member of the Board of DLR Kredit A/S, HCP A/S, Janzen Development and University of Copenhagen

Member of the Board of Representatives of The Danish Central Bank, Tryghedsfonden and Sydbank

Thomas Kirk Kristiansen
Member of the Board since 2007

Shareholder of KIRKBI A/S and representing the fourth generation of the owner family

Chairman of the Board of KIRKBI AG. Member of the Board of LEGO A/S and INTERLEGO AG.

MANAGEMENT'S STATEMENT

Today, the Board of Directors and Executive Management have discussed and approved the annual report of KIRKBI A/S for the financial year 1 January – 31 December 2012.

The annual report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2012 and of the results of the Group's and the parent company's cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the management's review includes a fair review of the development in the Group's and the parent company's operations and economic conditions, the results for the year and the financial position of the Group and the parent company, as well as a review of the most significant risks and elements of uncertainty facing the parent company and the Group, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

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

Billund, 21 March 2013

Executive Management

Søren Thorup Sørensen,
CEO

Board of Directors

Kjeld Kirk Kristiansen,
Chairman

Niels Jacobsen,
Deputy Chairman

Jeppe Christiansen

Peter Gæmelke

Thomas Kirk Kristiansen

INDEPENDENT AUDITOR'S REPORTS

To the shareholders of KIRKBI A/S

Report on consolidated financial statements and parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of KIRKBI A/S for the financial year 1 January 2012 – 31 December 2012, which comprise an income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the group as well as the company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

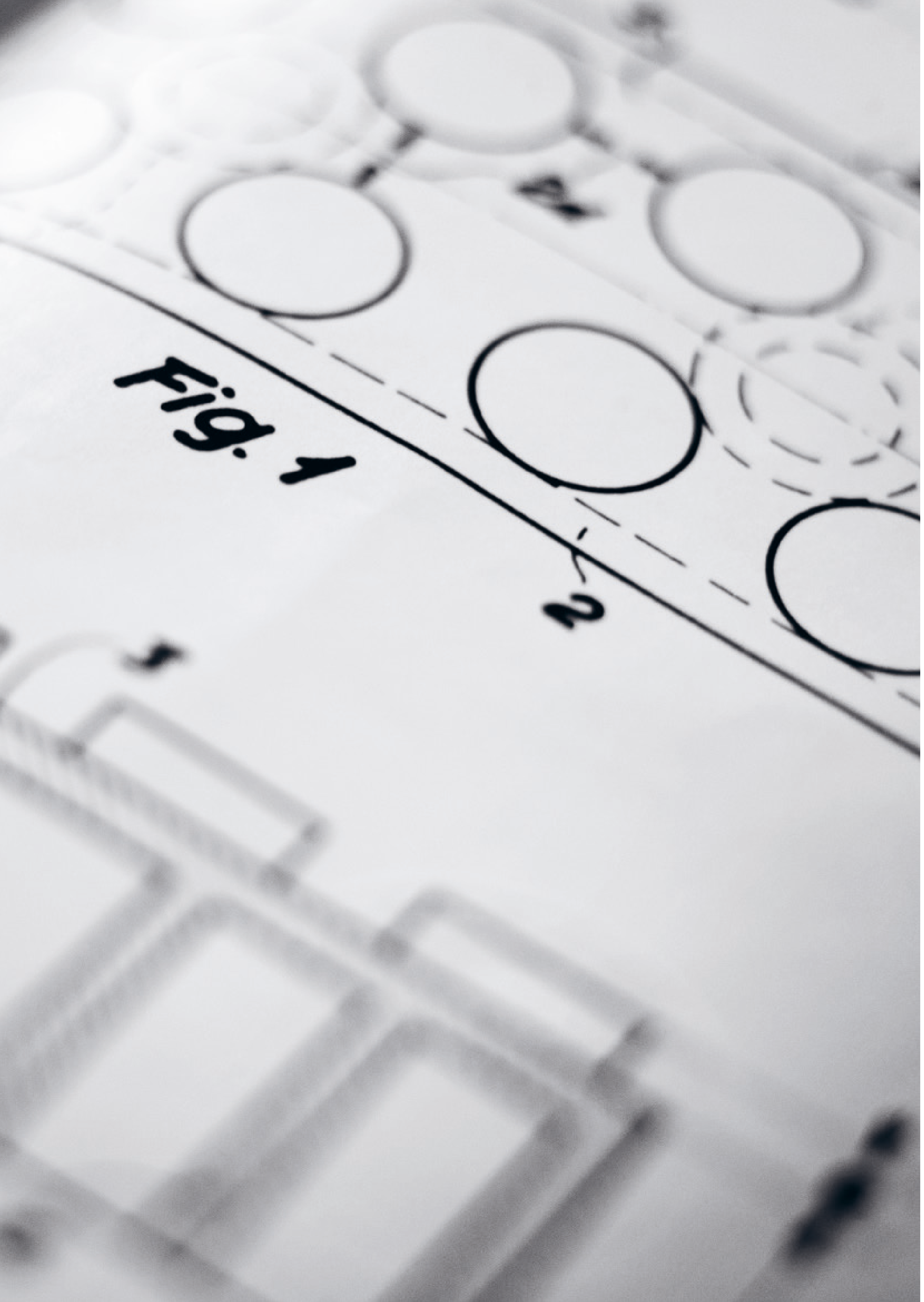
Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the company's financial position at 31 December 2012 and of the results of the group's and the company's operations and cash flows for the financial year 1 January 2012 – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the management's review
In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and the parent company financial statements.

Vejle, 21 March 2013
Ernst & Young

Thomas Rosquist Andersen
State authorised public accountant

Niels-Jørgen Andersen
State authorised public accountant



CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED INCOME STATEMENT

(m DKK)	Notes	2012	2011
LEGO Group [1] [2]	2, 3, 4, 5	7,522	5,542
Royalties [1]		895	705
Merlin Entertainments (associate)	14	266	206
Renewables		(6)	0
Operating profit from strategic activities		**8,677**	**6,453**
Operating profit from investment activities	6	1,649	108
Other operating activities	4, 5	10	(2)
Administration and trademark costs	3, 4, 5	(170)	(134)
Total operating profit		**10,166**	**6,425**
Financial income	7	26	25
Financial expenses	8	(54)	(91)
Profit before tax		**10,138**	**6,359**
Tax on profit for the year	9	(2,456)	(1,479)
Profit for the year		**7,682**	**4,880**
Appropriation to			
Parent company shareholders		6,257	3,823
Non-controlling interests		1,425	1,057
		7,682	**4,880**

1) Operating profit from the LEGO Group and royalties include royalty from the LEGO Group of DKK 853 million (2011 DKK 680 million)

2) Revenue from LEGO Group is DKK 23,405 million (2011 DKK 18,731 million)

CONSOLIDATED STATEMENT OF COMPRE-HENSIVE INCOME

(m DKK)	Notes	2012	2011
Profit for the year		**7,682**	**4,880**
Other comprehensive income			
Exchange differences, foreign subsidiaries and associates		55	87
Net gain/(loss) on cash flow hedges		410	(196)
Net gain/(loss) on cash flow hedges associates		(43)	(54)
Tax on entries directly in equity		(97)	46
Other comprehensive income for the year		**325**	**(117)**
Total comprehensive income		**8,007**	**4,763**
Appropriation to			
Parent company shareholders		6,503	3,741
Non-controlling interests		1,504	1,022
		8,007	**4,763**

BALANCE SHEET AT 31 DECEMBER

ASSETS (m DKK)	Notes	2012	2011
Non-current assets			
Goodwill, trademarks, patents and other intangible rights	11	1,919	1,907
Software		104	103
Development projects		37	12
Intangible assets	10	**2,060**	**2,022**
Real estate	12	2,133	1,426
Investment real estate	13	2,832	2,183
Plant and equipment	12	1,615	1,239
Other fixtures, fittings, tools and equipment	12	1,069	800
Fixed assets under construction	12	1,339	735
Property, plant and equipment		**8,988**	**6,383**
Investments in associates	14	2,796	2,543
Receivables from associates		542	483
Other investments		57	71
Deferred tax assets	19	133	115
Other non-current assets		**3,528**	**3,212**
Total non-current assets		**14,576**	**11,617**
Current assets			
Inventories	15	1,730	1,566
Trade receivables	16	4,957	3,845
Other receivables		768	760
Prepayments		230	463
Current tax receivables		14	121
Receivables from associates		51	3
Securities	17	16,596	12,646
Cash		1,181	1,031
Total current assets		**25,527**	**20,435**
TOTAL ASSETS		**40,103**	**32,052**

EQUITY AND LIABILITIES (m DKK)	Notes	2012	2011
EQUITY			
Share capital	18	200	200
Retained comprehensive income		29,207	23,116
Proposed dividend		200	100
KIRKBI Group's share of equity		**29,607**	**23,416**
Non-controlling interests		2,491	1,763
Total equity		**32,098**	**25,179**
LIABILITIES			
Non-current liabilities			
Borrowings		697	981
Deferred tax liabilities	19	535	479
Pension obligations	20	54	55
Payables to associates		176	166
Provisions	22	75	76
Other long-term liabilities	21	285	70
Total non-current liabilities		**1,822**	**1,827**
Current liabilities			
Borrowings		784	95
Payables to associates		32	83
Trade payables		2,158	1,642
Current tax liabilities		84	102
Provisions	22	64	36
Other short-term liabilities	21	3,061	3,088
Total current liabilities		**6,183**	**5,046**
Total liabilities		**8,005**	**6,873**
TOTAL EQUITY AND LIABILITIES		**40,103**	**32,052**

STATEMENT OF CHANGES IN EQUITY

(m DKK)	Share capital	Retained compre-hensive income	Proposed dividend	KIRKBI Group's share of equity	Non-controlling interests	Total equity
Balance at 1 January 2012	**200**	**23,116**	**100**	**23,416**	**1,763**	**25,179**
Dividend		(200)	(100)	(300)	(772)	(1,072)
Total comprehensive income for the year		6,503	–	6,503	1,504	8,007
Acquisition of non-controlling interest in subsidiaries		(12)	–	(12)	(4)	(16)
Proposed dividend		(200)	200	–	–	–
Balance at 31 December 2012	**200**	**29,207**	**200**	**29,607**	**2,491**	**32,098**
Balance at 1 January 2011	**200**	**19,475**	**100**	**19,775**	**1,384**	**21,159**
Dividend		–	(100)	(100)	(643)	(743)
Total comprehensive income for the year		3,741	–	3,741	1,022	4,763
Proposed dividend		(100)	100	–	–	–
Balance at 31 December 2011	**200**	**23,116**	**100**	**23,416**	**1,763**	**25,179**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	Notes	2012	2011
Profit before tax		10,138	6,359
Income tax paid		(2,314)	(1,578)
Other reversals with no effect on cash flows	27	(149)	574
Changes in working capital	28	38	(616)
Cash flows from operating activities		**7,713**	**4,739**
Acquisition of securities, net		(3,277)	(3,306)
Acquisition of intangible assets		(81)	(129)
Sale of property, plant and equipment		84	244
Acquisition of property, plant and equipment		(3,148)	(1,588)
Cash flows from investing activities		**(6,422)**	**(4,779)**
Dividend paid to shareholders		(300)	(100)
Dividend paid to non-controlling interests		(772)	(643)
Repayments of borrowings		(284)	(22)
Financing from other long-term liabilities		215	0
Cash flows from financing activities		**(1,141)**	**(765)**
Net cash flows for the year		**150**	**(805)**
Cash and cash equivalents at 1 January		1,031	1,836
Cash and cash equivalents at 31 December		**1,181**	**1,031**

NOTES
CONTENTS

PART 3 Notes – The KIRKBI Group

Parent Company

NOTE 1. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the annual report it is necessary that management makes a number of accounting estimates and judgements that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses.

Estimates and judgements used in the determination of reported results are continuously evaluated. Management bases the judgements on historical experience and other assumptions that management assesses are reasonable under the given circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The following accounting estimates and judgements are those management assesses to be material to the annual report.

Investment real estate
Within Property, plant and equipment the valuation of Investment real estate requires estimates and judgements on future cash flows, interest rates, inflation etc. and market values for similar properties. It is management's assessment that the estimates are reasonable.

Inventories
Calculation of indirect production costs requires estimates and judgements regarding various assumptions. The sensitivity of the measurement to these assumptions can be significant. It is the assessment of management that the assumptions and estimates made are reasonable.

Investments in associates
Within the Investments in associates a significant part of the valuation is goodwill in Merlin Entertainments. Valuation requires impairment tests where assumptions on future cash flows, discount rates and growth are used. It is the assessment of management that the assumptions and estimates made are reasonable.

Securities
Valuation of investments in private equity funds is based on estimates and assumptions as regards the fair value of the underlying individual companies. These estimates and assumptions are based on the performance of each underlying company and market trends. The valuation is performed by external portfolio managers. It is the assessment of management that the assumptions and estimates are reasonable.

NOTE 2. EXPENSES BY NATURE

(LEGO GROUP ACTIVITIES)

(m DKK)	2012	2011
Raw materials and consumables	4,380	3,098
Employee expenses	3,881	3,418
Depreciation and amortisation	654	637
License and royalty expenses	1,506	1,249
Other external expenses	5,032	4,663
Total operating expenses from LEGO Group activities	**15,453**	**13,065**
Research and development costs charged during the year	**352**	**335**

NOTE 3. AUDITORS' FEES

(m DKK)	2012	2011
Fee to Ernst & Young:		
Statutory audit of the financial statements	2	2
Other assurance engagements	0	0
Tax assistance	2	0
Other services	4	1
	8	**3**
Fee to PwC:		
Statutory audit of the financial statements	9	9
Other assurance engagements	1	1
Tax assistance	6	5
Other services	4	6
	20	**21**
Total auditors' fees	**28**	**24**

NOTE 4. EMPLOYEE EXPENSES

(m DKK)	2012	2011
Wages and salaries	3,596	3,151
Termination benefit and restructuring	5	33
Pension costs, defined benefit plans (note 20)	2	6
Pension costs, defined contribution plans	218	195
Other expenses and social security costs	196	143
	4,017	**3,528**
Average number of full-time employees	**10,598**	**9,542**
Executive Management and Board of Directors:		
Salaries and other remuneration	17	16
Short-term incentive plans	3	0
Long-term incentive plans	3	3
	23	**19**

NOTE 5. DEPRECIATION AND AMORTISATION

(m DKK)	2012	2011
Trademarks, patents and other intangible rights	12	17
Software	32	109
Real Estate	99	34
Plant and equipment	408	379
Other fixtures, fittings, tools and equipment	140	122
	691	**661**

In 2012 the KIRKBI Group did not recognise any impairment loss on intangible assets (2011 DKK 99 million). The KIRKBI Group recognised impairment losses on property, plant and equipment amounting to DKK 29 million (2011 DKK 8 million). The total impairment loss is recognised at DKK 29 million (2011 DKK 107 million) in the operating profit from the LEGO Group.

NOTE 6. OPERATING PROFIT FROM INVESTMENT ACTIVITIES

(m DKK)	2012	2011
Net gain or loss on financial assets at fair value through profit and loss	732	(213)
Net income from Investment real estate (note 13)	204	260
Realised net gain or loss on financial assets	713	61
	1,649	**108**

NOTE 7. FINANCIAL INCOME

(m DKK)	2012	2011
Interest income from associates	0	3
Interest income from credit institutions measured at amortised cost	0	2
Other interest income	20	9
Exchange gain, net	6	11
	26	**25**

NOTE 8. FINANCIAL EXPENSES

(m DKK)	2012	2011
Interest expenses on mortgage loans measured at amortised cost	3	3
Interest expenses to associates	12	12
Interest expenses to credit institutions measured at amortised cost	1	1
Other interest expenses	8	21
Exchange loss, net	30	54
	54	**91**

NOTE 9. INCOME TAX EXPENSES

(m DKK)	2012	2011
Current tax on profit for the year	2,433	1,314
Deferred tax on profit for the year	53	225
Other	(3)	4
Prior year adjustments	(27)	(64)
	2,456	**1,479**
Income tax expenses are specified as follows:		
Calculated 25 % tax on profit for the year before income tax	2,535	1,590
Tax effect of		
Higher/lower tax rate in subsidiaries	(19)	(15)
Non-taxable income	(132)	(144)
Non-deductible expenses	42	31
Adjustment of tax relating to previous years	(30)	14
Other	60	3
	2,456	**1,479**
Effective tax rate	24.2 %	23.3 %

NOTE 10. INTANGIBLE ASSETS

2012 (m DKK)	Goodwill, trademarks, patents and other intangible rights	Software	Development projects	Total
Cost at 1 January	2,021	383	12	2,416
Exchange adjustment to year-end rate	(1)	2	–	1
Additions	25	18	38	81
Disposals	–	(2)	–	(2)
Transfers	–	13	(13)	–
Cost at 31 December	**2,045**	**414**	**37**	**2,496**
Amortisation and impairment losses at 1 January	(114)	(280)	–	(394)
Amortisation for the year	(12)	(32)	–	(44)
Impairment losses for the year	–	–	–	–
Disposals	–	2	–	2
Amortisation and impairment losses at 31 December	**(126)**	**(310)**	**–**	**(436)**
Carrying amount at 31 December	**1,919**	**104**	**37**	**2,060**

2011 (m DKK)	Goodwill, trademarks, patents and other intangible rights	Software	Development projects	Total
Cost at 1 January	2,009	198	78	2,285
Exchange adjustment to year-end rate	2	–	–	2
Additions	10	43	76	129
Transfers	–	142	(142)	–
Cost at 31 December	**2,021**	**383**	**12**	**2,416**
Amortisation and impairment losses at 1 January	(97)	(171)	–	(268)
Amortisation for the year	(7)	(20)	–	(27)
Impairment losses for the year	(10)	(89)	–	(99)
Amortisation and impairment losses at 31 December	**(114)**	**(280)**	**–**	**(394)**
Carrying amount at 31 December	**1,907**	**103**	**12**	**2,022**

NOTE 11. IMPAIRMENT TEST

Impairment test of trademarks

Annual impairment test is carried out of the carrying amount of trademarks with indefinite useful lives. The impairment test in 2012 did not give rise to recognising any impairment losses.

The carrying amount of trademarks at 31 December is related to the cash-generating operational units and breaks downs as follows:

(m DKK)	2012	2011
LEGO Group	**1,831**	**1,831**

The recoverable amount is based on the value in use, which is calculated by means of the estimated net cash flows on the basis of budgets and forecasts 3–5 years ahead using a discount rate (WACC) of 10 % (2011 10 %).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2012 (m DKK)	Real Estate	Plant and equipment	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	2,167	4,028	1,416	737	8,348
Exchange adjustment to year-end rate	51	19	11	15	96
Additions	227	609	246	1,594	2,676
Disposals	(26)	(262)	(174)	–	(462)
Transfers to investment real estate	–	–	–	(92)	(92)
Transfers	541	175	199	(915)	–
Cost at 31 December	**2,960**	**4,569**	**1,698**	**1,339**	**10,566**
Depreciation and impairment losses at 1 January	(741)	(2,789)	(616)	(2)	(4,148)
Exchange adjustment to year-end rate	(3)	(7)	(4)	–	(14)
Depreciation for the year	(70)	(408)	(140)	–	(618)
Impairment losses for the year	(29)	–	–	–	(29)
Disposals	16	250	131	2	399
Depreciation and impairment losses at 31 December	**(827)**	**(2,954)**	**(629)**	**–**	**(4,410)**
Carrying amount at 31 December	**2,133**	**1,615**	**1,069**	**1,339**	**6,156**
Including assets held under finance leases	**27**	**–**	**–**	**–**	**27**

Proterty, plant and equipment in general

An obligation regarding the purchase of property, plant and equipment of DKK 388 million exists at 31 December 2012 (DKK 334 million at 31 December 2011).

2011 (m DKK)	Real Estate	Plant and equipment	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	1,842	3,589	1,171	609	7,211
Exchange adjustment to year-end rate	(25)	(26)	(5)	(11)	(67)
Additions	69	578	309	787	1,743
Disposals	(82)	(192)	(260)	(5)	(539)
Transfers	363	79	201	(643)	–
Cost at 31 December	**2,167**	**4,028**	**1,416**	**737**	**8,348**
Depreciation and impairment losses at 1 January	(762)	(2,606)	(612)	(2)	(3,982)
Exchange adjustment to year-end rate	1	9	(2)	–	8
Depreciation for the year	(34)	(379)	(114)	–	(527)
Impairment losses for the year	–	–	(8)	–	(8)
Disposals	54	187	120	–	361
Depreciation and impairment losses at 31 December	**(741)**	**(2,789)**	**(616)**	**(2)**	**(4,148)**
Carrying amount at 31 December	**1,426**	**1,239**	**800**	**735**	**4,200**
Including assets under finance leases	**31**	**–**	**–**	**–**	**31**

NOTE 13. INVESTMENT REAL ESTATE

(m DKK)	2012	2011
Fair value at 1 January	2,183	2,277
Exchange adjustment to year-end rate	14	11
Additions, new real estates	289	–
Additions, improvement of existing real estate	275	71
Disposals	–	(315)
Fair value adjustment for the year, net	71	139
Fair value at 31 December	**2,832**	**2,183**
Rental income from investment properties	165	155
Fair value adjustment for the year, net	71	139
Direct expenses	(32)	(34)
Net income from Investment real estate	**204**	**260**

Investment properties are stated at fair value, which has been determined based on valuations using the following parameters.

(m DKK)	2012	2011
Yields (%)	3.8 % – 9.0 %	5.2 % – 9.0 %
Inflation rate (%)	-0.7 % – 3.3 %	0.2 % – 2.6 %
Long-term vacancy rate	7.0 %	7.0 %
Long-term growth in rental rates	1.2 %	1.2 %

NOTE 14. INVESTMENTS IN ASSOCIATES

The KIRKBI Group's shareholding in Merlin Entertainments S.à.r.l is defined as long-term strategic investment and is classified in the balance sheet as Other non-current assets.

(m DKK)	2012	2011
Cost at 1 January	3,128	3,128
Additions	0	0
Disposals	(3)	0
Cost at 31 December	**3,125**	**3,128**
Value adjustment at 1 January	(585)	(787)
Share of profit	256	202
Value adjustment at 31 December	**(329)**	**(585)**
Carrying amount at 31 December	**2,796**	**2,543**

General information about associates

Company name	**Merlin Entertainments S.à.r.l.**
Country	Luxembourg
Ownership	36.5 %
Functional currency	GBP

Financial information of associates (m DKK)	**Merlin Entertainments S.à.r.l.**	**Other**	**2012**	**2011**
Revenue	9,932	50	9,982	8,105
Profit for the year	735	3	738	562
KIRKBI Group's share of profit for the year	**266**	**4**	**270**	**201**
Total assets	22,912			
Total equity	5,599			
KIRKBI Group's share of equity	**2,044**			

NOTE 15. INVENTORIES

(m DKK)	2012	2011
Raw materials and components	136	124
Work in progress	600	521
Finished goods	969	900
Farming inventories	25	21
	1,730	**1,566**
Cost of sales recognised in operating profit from the LEGO Group	**4,222**	**3,806**
including write-down of inventories to net realisable value	**(27)**	**26**

NOTE 16. TRADE RECEIVABLES

(m DKK)	2012	2011
Trade receivables (gross)	5,009	3,984
Provisions for bad debts:		
Balance at the beginning of the year	(139)	(145)
Exchange adjustment to year-end rate	–	4
Change in provisions for the year	69	17
Realised losses for the year	18	(15)
Balance at the end of the year	**(52)**	**(139)**
Trade receivables (net)	**4,957**	**3,845**

All trade receivables fall due within one year. The nominal value is considered equal to the fair value of receivables falling due within one year from the balance sheet date.

The age distribution of gross trade receivables is as follows:

(m DKK)	2012	2011
Not overdue	4,360	3,346
0 – 60 days overdue	601	492
61 – 120 days overdue	7	19
121 – 180 days overdue	9	6
More than 180 days overdue	32	121
	5,009	**3,984**

76 % of total trade receivables are covered by insurance (77 % in 2011) and therefore this part of the credit risk is reduced to the risk relating to the insurance companies concerned. DKK 1,180 million (DKK 921 million in 2011) corresponding to 24 % of trade receivables (23 % in 2011) is not covered by insurance.

The KIRKBI Group has no single significant trade debtor, nor are the trade receivables concentrated in specific countries. The KIRKBI Group has fixed procedures for determining the KIRKBI Group's granting of credit. The KIRKBI Group's risk relating to trade receivables is considered to be moderate.

NOTE 17. SECURITIES

Investments in shares and equities defined as a part of the investment portfolio are recognised in the balance sheet under current assets. The 20 % investment in Falck Holding A/S is therefore recognised under current assets.

All securities and investments recognised under current assets are classified as "financial assets at fair value through profit or loss" and are reported at fair value by level of the following fair value measurement hierarchy for:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the assets either directly or indirectly (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3)

Financial information (m DKK)	Liquid bonds	Corporate debt etc.	Quoted equities	Private and long-term equity	Total
Fair value measurement hierarchy	Level 1	Level 1	Level 1	Level 3	
% of investment in EUR / DKK	100 %	78 %	20 %	81 %	
% of investments rated	99 % AAA ratings	70 % invest-ment grade	n/a	n/a	
Carrying amount at 31 December 2012	**3,855**	**3,186**	**5,912**	**3,643**	**16,596**
Carrying amount at 31 December 2011	**4,564**	**1,652**	**4,262**	**2,168**	**12,646**

For descriptions of risks please refer to note 24.

Reconciliation of fair value of level 3 financial instruments

The KIRKBI Group carries unquoted equity shares as financial assets at fair value through profit and loss classified as level 3 within the fair value hierarchy.

(m DKK)	Private and long-term equity
1 January 2011	1,236
Total gains and losses recognised in profit and loss	(268)
Sales	(222)
Purchases	1,422
Carrying amount 31 December 2011	**2,168**
Total gains and losses recognised in profit and loss	274
Sales	(134)
Purchases	1,335
Carrying amount 31 December 2012	**3,643**

The fair value would not vary significantly if one or more of the inputs were changed.

NOTE 18. SHARE CAPITAL

The share capital consists of (mDKK):

1	A share of DKK 1,000 or multiples hereof
199	B shares of DKK 1,000 or multiples hereof
200	**Total shares at 31 December 2012**

Each ordinary A share of DKK 1,000 gives 1,000 votes, while each ordinary B share of DKK 1,000 gives 1 vote.

Dividend has been distributed at DKK 1.50 per share (2011 DKK 0.50).

Within the last 5 years a capital increase of DKK 77 million was carried through in 2008. Apart from this increase, there have been no changes in the share capital during the last 5 years.

Shareholders owning more than 5 % of the share capital:

Kjeld Kirk Kristiansen
Sofie Kirk Kiær Kristiansen
Thomas Kirk Kristiansen
Agnete Kirk Thinggaard

NOTE 19. DEFERRED TAX

(m DKK)	2012	2011
Deferred tax, net at 1 January	(364)	(172)
Exchange adjustment to year-end rate	2	1
Income statement charge	(53)	(225)
Charged to other comprehensive income	13	32
Deferred tax, net at 31 December	**(402)**	**(364)**
Classified as:		
Deferred tax assets	133	115
Deferred tax liabilities	(535)	(479)
	(402)	**(364)**

2012 (m DKK)	Deferred tax asset	Deferred tax liability	Deferred tax net
Non-current assets	97	(528)	(431)
Receivables	8	–	8
Inventories	22	–	22
Provisions	74	(2)	72
Other liabilities	38	(12)	26
Other	13	(114)	(101)
Offset	(121)	121	–
Tax loss carry-forwards	2	–	2
	133	**(535)**	**(402)**

2011 (m DKK)	Deferred tax asset	Deferred tax liability	Deferred tax net
Non-current assets	99	(420)	(321)
Receivables	5	–	5
Inventories	131	(125)	6
Provisions	72	(4)	68
Other liabilities	73	(46)	27
Other	25	(175)	(150)
Offset	(291)	291	–
Tax loss carry-forwards	1	–	1
	115	**(479)**	**(364)**

Tax loss carry-forwards

Tax assets relating to tax loss carry-forwards are capitalised based on an assessment of whether they are expected to be utilised in the future. DKK 0 million of the KIRKBI Group's capitalised tax losses expires after 1 year, and DKK 2 million expires after 5 years (DKK 1 million in 2011 does not expire before 5 years).

NOTE 20. PENSION OBLIGATIONS

Defined contribution plans:

In defined contribution plans, the KIRKBI Group recognises in the income statement the premium payments (e.g. a fixed amount or a fixed percentage of the salary) to the independent insurance companies responsible for the pension obligations. Once the pension contributions for defined contribution plans have been paid, the KIRKBI Group has no further pension obligations towards current or past employees. The pension plans in the Danish companies and some of the non-Danish companies are defined contribution plans. In the KIRKBI Group, DKK 218 million (DKK 195 million in 2011) have been recognised in the income statement as costs relating to defined contribution plans.

Defined benefit plans:
In defined benefit plans, the KIRKBI Group is obliged to pay a certain pension benefit. The defined benefit plans include employees in Germany and in the UK. In the KIRKBI Group, a net obligation of DKK 48 million (DKK 30 million in 2011) has been recognised relating to the KIRKBI Group's obligations towards current or past employees concerning defined benefit plans. The obligation is calculated after deduction of the plan assets. In the KIRKBI Group, DKK 2 million (DKK 6 million in 2011) was recognised in the income statement. All defined benefit plans relate to the LEGO Group and no new employees will be included in the defined benefit plans.

(m DKK)	2012	2011
The amounts recognised in the balance sheet are calculated as follows:		
Present value of funded obligations	(124)	(109)
Fair value of plan assets	118	121
	(6)	12
Present value of unfunded obligations	(42)	(42)
Net liability recognised in the balance sheet	**(48)**	**(30)**
Of which included as part of the liabilities	(54)	(55)
Of which included as part of the assets	6	25

(m DKK)	2012	2011
Discount rate	2 % – 5 %	2 % – 5 %
Expected return on plan assets	3 % – 5 %	3 % – 5 %
Future salary increases	2 % – 4 %	2 % – 4 %
Future pension increases	2 % – 3 %	2 % – 3 %

(m DKK)	2012	2011
Present value of defined benefit obligations	(166)	(151)
Fair value of plan assets	118	121
	(48)	(30)

NOTE 21. OTHER LIABILITIES

(m DKK)	2012	2011
Liabilities related to wages and other charges	1,097	977
Financial liabilities	36	82
Other current liabilities	2,213	2,099
	3,346	3,158
Specified as follows:		
Non-current	285	70
Current	3,061	3,088
	3,346	3,158

NOTES – KIRKBI GROUP

Financial obligations
The fair value of obligations regarding assets under finance leases corresponds to the carrying amount. The fair value is estimated to equal the present value of expected future cash flows at a market interest rate for similar leases.

(m DKK)	2012	2011
Obligations regarding finance leases are as follows:		
0 – 1 year	11	53
1 – 5 years	26	26
> 5 years	16	24
	53	103
Reconciliation of carrying amount:		
Carrying amount of the liability	36	82
Interest expenses not yet accrued	17	21
	53	103

NOTE 22. PROVISIONS

2012

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	37	75	112
Exchange adjustment to year-end rate	–	–	–
Reclassification	–	69	69
Additions	9	97	106
Used	(32)	(65)	(97)
Reversed	(7)	(44)	(51)
Provisions at 31 December	**7**	**132**	**139**
Specified as follows:			
Non-current			75
Current			64
			139

2011

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	13	71	84
Exchange adjustment to year-end rate	(1)	1	
Additions	33	9	42
Used	(1)	(1)	(2)
Reversed	(7)	(5)	(12)
Provisions at 31 December	**37**	**75**	**112**
Specified as follows:			
Non-current			76
Current			36
			112

Provisions for restructuring obligations relate primarily to close-down and reduction of production facilities, close-down of activities and redundancy programmes in the LEGO Group. The majority of these obligations are expected to result in cash outflows in the period 2013-2015.

Other provisions consist of various types of provisions, including provisions for legal disputes. The majority of other provisions are expected to be used within the next 2 years.

NOTE 23. CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS

(m DKK)

Contingent liabilities and other obligations	2012	2011
Remaining obligations in investment projects	4,953	2,146
Guarantees	66	97
Operating lease obligations	1,707	1,324
Other obligations	569	948
	7,295	**4,515**

The KIRKBI Group leases various offices, warehouses and plants and machinery under non-cancellable operating leases. The leases have varying terms, clauses and rights.

The KIRKBI Group also leases plants and machinery under cancellable operating leases. The KIRKBI Group is required to give various notices of termination of these agreements.

Lease expenses for the year charged to the income statement amount to:	392	283

Future minimum lease payments under non-cancellable operating leases are specified as follows:	2012	2011
0 – 1 year	330	310
1 – 5 years	870	642
> 5 years	507	372
	1,707	**1,324**

Security has been given in land, buildings and installations at a net carrying amount of DKK 1,276 million (DKK 190 million in 2011) for the mortgage loans.

The KIRKBI Group has utilised tax losses in non-Danish jurisdictions in the Danish joint taxation until 31 December 2004. The deferred tax of this amounts to DKK 116 million, of which DKK 0 million has been recognised as a provision for deferred tax. The remaining amount of DKK 116 million is not expected to be recaptured.

The KIRKBI Group is a party to certain legal disputes. It is management's assessment, that the settlement of these legal disputes will not significantly impact the financial position of the KIRKBI Group.

NOTE 24. FINANCIAL RISKS

The financial risks of the KIRKBI Group are managed centrally from the Parent Company as well as decentralised by the operating companies. The overall risk management guidelines have been approved by the Board of Directors and include the Group's treasury and investment policy related to securities. The KIRKBI Group's risk management guidelines are established to identify and analyse the risk faced by the KIRKBI Group, to set the appropriate risk limits and controls to monitor the risks and ensure adherence to limits.

The overall objective for the KIRKBI Group's investment activities is to achieve the highest rate of total return reasonably possible within prudent levels of risk and a sufficient level of liquidity while maintaining sufficient diversification to avoid large losses, minimise unintended risk and preserve capital. Therefore, the investment policy includes, among other items, guidelines and ranges for which investments are

considered to be eligible investments and which investment parameters are to be applied such as limits on issuer, duration, credit rating, country, or economic sector.

The guidelines are reviewed regularly to reflect changes in market conditions, the KIRKBI Group's activities and financial position. A separate and independent risk management function reviews managers' compliance with the mandates and the adequacy of the mandates to risk and exposures facing the KIRKBI Group.

Investment approach and asset allocation

The KIRKBI Group's activities consist of holdings in the strategic assets LEGO Group, Merlin Entertainments and renewables and investments within the areas of fixed income, quoted equities, private equity, real estate and long-term equity.

The fundamental pillars that the KIRKBI Group's investment approach is built on are the following:

- Transparent investments where we understand the underlying economic rationale and risks of the investment
- Reasonable diversification of our portfolio, although diversification is not an investment purpose on its own
- We will at all times assess its possible outcomes and be ready to make adjustments to the allocation
- Good long-term relationship with cooperating partners with high integrity
- Investments comply with the values of the KIRKBI Group and the ethical guidelines

The five fundamental pillars that drive all our investments allow us to prudently take risk within the context of overall diversification to meet KIRKBI's long-term investment objectives. The asset allocation as well as strategies and mandates for the individual asset classes allow for practical risk management, both on the overall portfolio level and for the individual asset classes.

Financial risk management

For the KIRKBI Group the concept of risk is divided into two sub-concepts:

- Short-term risk of temporary loss of capital – i.e. quotation risk
- Long-term risk of permanent loss of capital – i.e. capital loss risk

As a long-term investor the most important risk to avoid is the permanent loss of capital. However, as the liquid investments function as a liquid buffer to cover obligations and non-financial risks, the liquid investment portfolio is subject to short-term quotation risk.

Credit risk

Financial instruments are entered into with counterparts with a credit rating of A- or higher from Standard & Poor's or Moody's Investor Service.

Similarly, the KIRKBI Group only engages with insurance companies with a credit rating of A- or higher from Standard & Poor's or Moody's Investor Service.

For banks and financial institutions, only independently rated parties with an acceptable long-term rating are accepted. Credit risk regarding trade receivables is disclosed in note 16. The credit risks of the KIRKBI Group are considered to be low.

NOTES – KIRKBI GROUP

Foreign exchange risk

The foreign exchange risk for the KIRKBI Group is mostly related to net inflows in the LEGO Group and investments in foreign currencies.

The LEGO Group's foreign exchange risk is managed centrally in LEGO System A/S based on a foreign exchange policy approved by the Board of Directors. Forward contracts and options are used to hedge purchases and sales in foreign currencies for the LEGO Group. These forward contracts are mainly classified as hedges and meet the accounting requirements for hedging of future cash flows.

The foreign exchange risks of the investments are managed centrally from the Parent Company. The overall risk management guidelines have been approved by the Board of Directors and include the KIRKBI Group's treasury and investment policy.

The most significant exchange risks are in the currency of USD and GBP. A negative 10 % change in the GBP currency would maximum effect the income statement of the Group by DKK 50 million and equity by DKK 200 million. A negative 10 % change in the USD currency would maximum effect the income statement by DKK 225 million and equity by DKK 50 million. Based on this the foreign exchange risks from a group perspective are considered low.

Interest rate risk

The KIRKBI Group's interest rate risk relates mainly to the portfolio of liquid bonds. An increase in the interest level of 1 % for 2012 would have had a negative impact on the KIRKBI Group's profit before tax of approximately DKK 100 million. The KIRKBI Group's interest rate risk is considered low.

Liquidity risk

Liquidity is managed centrally and is continuously assessed. It is ensured that, at any given time, sufficient financial resources are available. Based on cash and the liquid investment portfolio of bonds and quoted equities the liquidity risk is considered insignificant.

NOTE 25. FINANCIAL LIABILITIES

The maturity profile of financial liabilities is disclosed according to category and class distributed on period to maturity.

The following table shows the timing of cash flows related to financial liabilities and hedging instruments.

		CASH FLOWS 2012				CASH FLOWS 2011		
(m DKK)	Fair value	0–1 years	1–5 years	Over 5 years	Fair value	0–1 years	1–5 years	Over 5 years
Measured at amortised cost								
Borrowings	1,481	805	86	701	1,076	109	675	404
Payables to associates	31	31	–	–	83	83	–	–
Trade payables	2,158	2,158	–	–	1,642	1,642	–	–
Other short-term liabilities	3,061	3,036	26	16	3,088	3,059	26	24
	6,731	**6,030**	**112**	**717**	**5,889**	**4,893**	**701**	**428**
Derivative financial instruments								
Measured at fair value through profit and loss	17	17	–	–	103	103	–	–
Measured at fair value through other comprehensive income	24	24	–	–	339	303	36	–
	41	**41**	**–**	**–**	**442**	**406**	**36**	**–**
Total financial liabilities	**6,460**	**5,729**	**112**	**717**	**6,331**	**5,299**	**737**	**428**

NOTES – KIRKBI GROUP

NOTE 26. DERIVATIVE FINANCIAL INSTRUMENTS

The derivatives used by the KIRKBI Group mainly relate to the LEGO Group. The LEGO Group uses a number of derivatives to hedge currency exposure. The hedging activities are categorised into hedging of forecast transactions (cash flow hedges), and hedges of assets and liabilities (fair value hedges).

The changes in fair value of the financial instruments qualifying for hedge accounting are recognised directly under other comprehensive income until the hedged items affect the income statement.

The changes in fair value of the financial instruments not qualifying for hedge accounting are recognised directly in the income statement. This includes the time value of options.

All changes in fair value of hedging of assets and liabilities (fair value hedging) are recognised directly in the income statement.

				2012				2011
(m DKK)	Contract amount	Positive fair value	Negative fair value	Period covered	Contract amount	Positive fair value	Negative fair value	Period covered
Hedging of forecast transactions qualifying for hedge accounting								
USD	2,002	36	12	18 mos.	4,021	–	170	22 mos.
Other	2,399	40	12	11–18 mos.	3,545	4	169	10–38 mos.
Total forward contracts	**4,401**	**76**	**24**		**7,566**	**4**	**339**	
USD	506	–	–	3 mos.	431	–	–	15 mos.
Total currency options	**506**	**–**	**–**		**431**	**–**	**–**	
Hedging of balance items qualifying for hedge accounting								
USD	763	10	5	2 mos.	–	–	–	
Other	791	8	10	2 mos.	–	–	–	
Total forward contracts	**1,554**	**18**	**15**		**–**	**–**	**–**	
Total cash flow hedges for which hedge accounting is applied	**6,461**	**94**	**39**		**7,997**	**4**	**339**	
Total cash flow hedges for which hedge accounting is not applied	**10**	5	**2**	3-24 mos.	28	8	13	1-36 mos.
Total contract of forecast transactions	**6,471**	**99**	**41**		**8,025**	**12**	**352**	
Hedging of assets and liabilities	–	–	–		491	–	90	1 mo.
Total hedging activities	**6,471**	**99**	**41**		**8,516**	**12**	**442**	

NOTE 27. OTHER REVERSALS WITH NO EFFECT ON CASH FLOWS

(m DKK)	2012	2011
Depreciation, amortisation and impairment	599	542
Revaluation of securities	(503)	238
Net movements in provisions	11	(4)
Net income from associates	(256)	(202)
	(149)	**574**

NOTE 28. CHANGES IN WORKING CAPITAL

(m DKK)	2012	2011
Inventories	(164)	(238)
Trade and other receivables	(935)	(980)
Trade and other payables	1,137	602
	38	**(616)**

NOTE 29. RELATED PARTY TRANSACTIONS

KIRKBI A/S' related parties comprise Kjeld Kirk Kristiansen, Sofie Kirk Kiær Kristiansen, Thomas Kirk Kristiansen, Agnete Kirk Thinggaard and the Board of Directors and the Executive Management of KIRKBI A/S. Related parties also comprise subsidiaries and associates and the Board of Directors and management in these companies. Related parties further comprise companies where the mentioned shareholders have significant influence.

Kjeld Kirk Kristiansen, Sofie Kirk Kiær Kristiansen, Thomas Kirk Kristiansen and Agnete Kirk Thinggaard have as shareholders significant influence in KIRKBI A/S.

In the financial year a limited number of transactions related to services took place between the owners of KIRKBI A/S and the group. These services were paid on normal market terms and the total fee paid to KIRKBI A/S does not exceed DKK 9 m (2011 DKK 5 million).

There were no transactions with the Board of Directors or the Executive Management besides transactions related to the employment except from the circumstances described above.

For information about remuneration to the Board of Directors and the Executive Management, please refer to note 4.

(m DKK)	2012	2011
Transactions with associates		
Sale of products and services	9	6
Purchase of products and services	–	(1)
Total transactions with associates	**9**	**5**

Loans, receivables and commitments related to associates are specified in the KIRKBI Group's balance sheet.

NOTE 30. POST BALANCE SHEET EVENTS

From the period from 31 December 2012 and until adoption at the annual report, no events have occurred that could have significant effect on the annual report for 2012.

NOTE 31. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the KIRKBI Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

For all periods up to and including the year ended 31 December 2010, the KIRKBI Group prepared its financial statements in accordance with local generally accepted accounting principles (Danish GAAP). These financial statements for the year ended 31 December 2012 are the first the KIRKBI Group has prepared in accordance with IFRS. Please refer to note 32 for information on how the KIRKBI Group adopted IFRS.

Accordingly, the KIRKBI Group has prepared financial statements which comply with IFRS applicable to periods beginning on or after 1 January 2012 as described in the accounting policies.

STANDARDS ISSUED, BUT NOT YET EFFECTIVE

IASB has issued a number of new standards, amendments to existing standards and bases for conclusions, which have not yet come into force, but which will become effective in the financial year 2013 or later. New and revised standards are expected to be implemented on the effective date. Management is currently assessing the potential impact. It is management's immediate assessment that the changes will not have any significant impact on recognition and measurement.

CONSOLIDATION PRACTICE

Subsidiaries are fully consolidated from the date on which control is transferred to the KIRKBI Group. They are de-consolidated from the date on which control ceases.

Associates are all entities over which the KIRKBI Group has significant influence but which it does not control, and are generally represented by a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the KIRKBI Group.

Non-controlling interests include third-party shareholders' share of equity and the results for the year in subsidiaries which are not 100 % owned.

The part of the subsidiaries' results that can be attributed to non-controlling interests forms part of the profit or loss for the year. Non-controlling interests' share of equity is stated as a separate item in equity.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the KIRKBI Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the Parent Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as reserve for exchange rate adjustments.

Group companies

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each subsidiary are translated into DKK at the closing rate at the balance sheet date.
- Income and expenses for each subsidiary are translated at average exchange rates.
- Differences deriving from translation of the foreign subsidiaries' opening equity to the exchange rates prevailing at the balance sheet date, and differences owing to the translation of the income statements of the foreign subsidiaries from average exchange rates to balance sheet date exchange rates are recognised in other comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Derivative financial instruments are recognised in other receivables and other current liabilities.

Changes to the fair value of derivative financial instruments which meet the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or liability attributable to the hedged risk.

The effective portion of changes to the fair value of derivative financial instruments which meet the criteria for hedging future cash flows are recognised in other comprehensive income. Income and expenses relating to these hedge transactions are transferred from equity when the hedged item affects the income statement. The amount is recognised in financial income or expenses.

In case of settlement of a derivative designated as a cash flow hedge, the accumulated fair value adjustment remains in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to take place, any accumulated fair value adjustments are transferred from equity to the income statement under financial income or expenses.

INCOME STATEMENT

RECOGNITION OF SALES AND REVENUES

Sales represent the fair value of the sale of goods excluding VAT and after deduction of provisions for returned products, rebates and trade discounts relating to the sale.

Provisions and accruals for rebates to customers are made in the period in which the related sales are recorded. Historical data are readily available and reliable and are used for estimating the amount of the reduction in sales.

Revenue from the sale of goods is recognised when all the following specific conditions have been met and the control over the goods has been transferred to the buyer.

- Significant risks and rewards of ownership of the goods have been transferred to the buyer.
- Revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the KIRKBI Group.
- Costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions are usually met by the time the products are delivered to the customers.

Licence fees are recognised on an accruals basis in accordance with the relevant agreements.

Revenue is measured at the fair value of the consideration received or receivable.

Operating profit from investment activities

Operating profit from investment activities includes return from the investment activities in the KIRKBI Group, which include liquid bonds, quoted equities, corporate debt, private equities, investment real estate etc. Profit from investment activities is net gains and losses on financial assets at fair value, fair value adjustments, income and expenses from investment properties and realised gains and losses on financial assets.

TAXES

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, tax is also recognised in other comprehensive income.

Deferred tax on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts is provided in full in the consolidated financial statements, using the liability method.

Deferred tax reflects the effect of any temporary differences. To the extent calculated deferred tax is positive, this is recognised in the balance sheet as a deferred tax asset at the expected realisable value. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Any changes in deferred tax due to changes in tax rates are recognised in the income statement.

BALANCE SHEET

INTANGIBLE ASSETS

Goodwill, trademarks, patents and other intangible rights

Goodwill and trademarks are initially recognised in the balance sheet at cost and are not amortised.

Acquired patents and other intangible rights are capitalised on the basis of the costs incurred. These costs are amortised over the shorter of their estimated useful lives and the contractual duration.

The carrying amount of goodwill, trademarks, patents and other intangible rights is allocated to the cash generating assets at the acquisition date and is tested for impairment at that level.

Software and development projects

Research expenses are charged to the income statement as incurred. Software and development projects that are clearly defined and identifiable and which are expected to generate future economic profit are recognised as intangible non-current assets at historical cost less accumulated amortisation and any impairment loss. Amortisation is provided on a straight-line basis over the expected useful life which is normally 5–10 years. Other development costs are recognised in the income statement. An annual impairment test of the intangible fixed assets under construction is performed.

Borrowing costs related to financing development projects that take a substantial period of time to complete and whose commencement date is on or after 1 January 2009 are included in the cost price.

Licences, patents and other rights

Acquired licences, patents and other rights are capitalised on the basis of the costs incurred. These costs are amortised over the shorter of their estimated useful lives and the contractual duration.

PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly factories, warehouses and offices. Property, plant and equipment are measured at cost, less subsequent depreciation and impairment losses, except for land, which is measured at cost less impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	25 – 50	years
Installations	10 – 20	years
Plant and machinery	2 – 15	years
Other fixtures, fittings, tools and equipment	3 – 10	years

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Cost comprises acquisition price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets comprises direct expenses for wage consumption and materials. Borrowing costs related to financing self constructed assets that take a substantial period of time to complete and whose commencement date is on or after 1 January 2009 are included in the cost price.

Investment real estate

Investment real estate is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at the expected fair values from a net cash transaction at the balance sheet date.

Fair value is determined by management using approved valuation methods based on the capital value calculated on expected cash flows. If current market prices for comparable properties are available, these will be incorporated as part of the fair value valuation.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Leases

Leases of assets where the KIRKBI Group has substantially all risks and rewards of ownership are capitalised as finance leases under property, plant and equipment and depreciated over the estimated useful lives of the assets, according to the periods listed under the section Property, plant and equipment. The corresponding finance lease liabilities are recognised in liabilities.

Operating lease expenses are recognised in the income statement on a straight-line basis over the term of the lease.

Impairment of assets

Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets under development and intangible assets which are not subject to amortisation are tested for impairment at each reporting date.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less expenses to sell and the value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Investment in associates

The KIRKBI Group's investment in its associates, entities in which the group has significant influence, is accounted for using the equity method. However, entities in which the KIRKBI Group has significant influence, which upon initial recognition are designated at fair value through profit or loss are measured at fair value in accordance with IAS 39, with changes in fair value recognised in profit or loss. Under the equity method, investments in associates are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the share of the net assets of the associate since the acquisition date.

At each reporting date, the KIRKBI Group determines whether there is objective evidence that the investment in the associate is impaired.

If there is such evidence, the KIRKBI Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and then recognises the loss in the income statement.

INVENTORIES
Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of raw materials, consumables and purchased goods comprises the invoice price plus delivery expenses. The cost of finished goods and work in progress comprises the purchase price of materials and direct labour costs plus indirect production costs. Indirect production costs include indirect materials and wages, maintenance and depreciation of plant and machinery, factory buildings and other equipment as well as expenses for factory administration and management.

RECEIVABLES
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provisions for bad debt. Provisions for bad debt are made on the basis of an individual assessment of the risk relating to each receivable.

SECURITIES
The KIRKBI Group invests its cash in deposits with major financial institutions, in mortgage bonds, notes issued by Danish and European governments, corporate debt and equities which all are classified as securities. The securities can be purchased and sold in established markets.

The portfolio of investments has been designated as financial assets at fair value through profit and loss as the portfolio is managed and evaluated on a fair value basis in accordance with the KIRKBI Group´s investment strategy. Securities are measured at fair value, which equals listed prices or internationally accepted valuation models for private equity. Realised and unrealised gains and losses (including unrealised foreign exchange rate gains and losses) are recognised in the income statement as financial items. Transactions are recognised at the trade date.

EQUITY
Proposed dividends
Dividends are recognised as a liability in the period in which they are adopted at the Annual General Meeting.

LIABILITIES

BORROWINGS
Borrowings are initially recognised at fair value, net of transaction expenses incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the KIRKBI Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

EMPLOYEE BENEFITS
Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary employee benefits are accrued in the year in which the associated services are rendered by the employees of the KIRKBI Group. Where the KIRKBI Group provides long-term employee benefits, the costs are accumulated to match the rendering of the services by the employees concerned.

Retirement benefit obligation
Costs regarding defined contribution plans are recognised in the income statement in the periods in which the related employee services are delivered.

Net obligations in respect of defined benefit pension plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. Discount rates are based on the market yield of high quality corporate bonds in the country concerned approximating to the terms of the KIRKBI Group's pension obligations. The calculations are performed by a qualified actuary using the Projected Unit Credit Method. When the benefits of a plan are increased, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement over the vesting period. To the extent that the benefits are vested, the expense is recognised in the income statement immediately.

Actual gains and losses are recognised in the income statement in the period in which they occur.

Net pension assets are recognised to the extent that the KIRKBI Group is able to derive future economic benefits in the way of refunds from the plan or reductions of future contributions.

PROVISIONS
Provisions are recognised when the KIRKBI Group identifies legal or constructive obligations as a result of past events and it is probable that it will lead to an outflow of resources that can be reliably estimated. In this connection, the KIRKBI Group makes the estimate based upon an evaluation of the individual, most likely outcome of the cases. In cases where a reliable estimate cannot be made, these are disclosed as contingent liabilities.

Further provisions for restructuring expenses are only recognised when the decision is made and announced before the balance sheet date. Provisions are not made for future operating losses.

Provisions are measured at the present value of the estimated obligation at the balance sheet date.

OTHER LIABILITIES
Other liabilities are measured at amortised cost unless specifically stated otherwise.

CASH FLOW STATEMENT

The consolidated cash flow statement shows cash flows for the year broken down by operating, investing and financing activities, changes for the period in cash and bank overdrafts and cash and bank overdrafts at the beginning of the year.

Cash flows from operating activities are calculated indirectly as the profit for the year adjusted for non-cash items, income taxes paid and changes in working capital.

Cash flows from investing activities comprise payments relating to acquisitions and disposals of securities, intangible assets, property, plant and equipment, fixtures and fittings as well as fixed asset investments. Furthermore they comprise interest and dividends received.

Cash flows from financing activities comprise proceeds from borrowings, repayment of interest-bearing debt and dividend paid to shareholders and non-controlling interests.

Cash and cash equivalents comprise cash and bank overdrafts etc. that can readily be converted into cash reduced by short-term bank debt.

FINANCIAL RATIOS

Financial ratios have been calculated in accordance with the "Guidelines and Financial Ratios 2010", issued by the Danish Society of Financial Analysts.

Return on equity (ROE):	$\dfrac{\textbf{Profit for the year (excl. non-controlling interests) x 100}}{\text{Average equity (excl. non-controlling interests)}}$
Equity ratio:	$\dfrac{\textbf{Equity (incl. non-controlling interests) x 100}}{\text{Total liabilities and equity}}$

NOTE 32. THE KIRKBI GROUP'S TRANSITION TO IFRS

With effect from 1 January 2012, the accounting policies have been changed to comply with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of large companies.

The opening balance sheet as at 1 January 2011 and the comparative figures for 2011 have been prepared in accordance with the requirements of IFRS, including the transitional provisions in IFRS 1 First-time adoption of IFRS.

The accounting policies are based on the accounting stardards and bases for conclusion in force at 31 December 2012. The opening balance sheet at 1 January 2011 has been prepared as if IFRS had always been used.

Income statement – effect of transition to IFRS
1 January – 31 December 2011
(m DKK)

	Notes	Local GAAP	Effect of transition	IFRS
LEGO Group		5,542		5,542
Royalties	B	465	240	705
Merlin Entertainments	B	(122)	328	206
Operating profit from strategic activities		**5,885**	**568**	**6,453**
Operating profit from investment activities	A	(75)	183	108
Other operating activities		(7)	5	(2)
Administration and trademark costs	B	(317)	183	(134)
Total operating profit		**5,486**	**939**	**6,425**
Financial income		25	–	25
Financial expenses		(91)	–	(91)
Profit before tax		**5,420**	**939**	**6,359**
Tax on profit for the year	D	(1,401)	(78)	(1,479)
Profit for the year		**4,019**	**861**	**4,880**
Non-controlling interests		(1,057)	–	(1,057)
KIRKBI Group's profit for the year		**2,962**	**861**	**3,823**

Balance sheet – effect of transition to IFRS
(m DKK)

		1 JANUARY 2011			31 DECEMBER 2011		
	Note	Local GAAP	Effect of transition	IFRS	Local GAAP	Effect of transition	IFRS
ASSETS							
Non-current assets							
Trademarks, patents and other intangible rights	B	1,912		1,912	1,671	236	1,907
Goodwill	B	1,411	(1,411)		1,222	(1,222)	
Software		27		27	103		103
Development projects		78		78	12		12
Intangible assets		**3,428**	**(1,411)**	**2,017**	**3,008**	**(986)**	**2,022**
Property	A	3,203	(2,123)	1,080	3,364	(1,938)	1,426
Investment real estate	A		2,277	2,277		2,183	2,183
Plant and equipment		1,542		1,542	2,039		2,039
Fixed assets under construction		607		607	735		735
Property, plant and equipment		**5,352**	**154**	**5,506**	**6,138**	**245**	**6,383**
Investment in associates	B	2,386	(45)	2,341	3,265	(722)	2,543
Receivables from associates		485		485	483		483
Other investments	C	1,604	(1,592)	12	1,273	(1,202)	71
Deferred tax assets		180		180	115		115
Other non-current assets		**4,655**	**(1,637)**	**3,018**	**5,136**	**(1,924)**	**3,212**
Total non-current assets		**13,435**	**(2,894)**	**10,541**	**14,282**	**(2,665)**	**11,617**
Current assets							
Inventories		1,328		1,328	1,566		1,566
Trade receivables		3,323		3,323	3,845		3,845
Other receivables		734		734	760		760
Prepayments		34		34	463		463
Current tax receivables		12		12	121		121
Receivables from associates					3		3
Securities	C	8,572	1,637	10,209	10,293	2,353	12,646
Cash		1,836		1,836	1,031		1,031
Total current assets		**15,839**	**1,637**	**17,476**	**18,082**	**2,353**	**20,435**
TOTAL ASSETS		**29,274**	**(1,257)**	**28,017**	**32,364**	**(312)**	**32,052**

Balance sheet – effect of transition to IFRS (m DKK)	Note	1 JANUARY 2011 Local GAAP	Effect of transition	IFRS	31 DECEMBER 2011 Local GAAP	Effect of transition	IFRS
EQUITY AND LIABILITIES							
EQUITY							
Share capital		200		200	200		200
Retained comprehensive income	A, B, D	20,763	(1,288)	19,475	23,534	(418)	23,116
Proposed dividend		100		100	100		100
KIRKBI Group's share of equity		**21,063**	**(1,288)**	**19,775**	**23,834**	**(418)**	**23,416**
Non-controlling interests		1,384		1,384	1,763		1,763
Total equity		**22,447**	**(1,288)**	**21,159**	**25,597**	**(418)**	**25,179**
LIABILITIES							
Non-current liabilities							
Borrowings		967		967	981		981
Deferred tax liabilities	D	321	31	352	373	106	479
Pension obligations		52		52	55		55
Payables to associates		158		158	166		166
Provisions		86		86	76		76
Other long-term debt		118		118	70		70
Total non-current liabilities		**1,702**	**31**	**1,733**	**1,721**	**106**	**1,827**
Current liabilities							
Borrowings		22		22	95		95
Payables to associates		82		82	83		83
Trade payables		1,519		1,519	1,642		1,642
Current tax liabilities		317		317	102		102
Provisions		3		3	36		36
Other short-term debt		3,182		3,182	3,088		3,088
Total current liabilities		**5,125**		**5,125**	**5,046**		**5,046**
Total liabilities		**6,827**	**31**	**6,858**	**6,767**	**106**	**6,873**
TOTAL EQUITY AND LIABILITIES		**29,274**	**(1,257)**	**28,017**	**32,364**	**(312)**	**32,052**

Statement of changes in equity – effect of transition to IFRS (m DKK)	Note	1 January 2011	31 December 2011
Equity, local GAAP		**21,063**	**23,834**
Effect of transition:			
A. Investment properties		154	154
B. Amortisation of goodwill and other intangible assets		(1,411)	(1,411)
D. Deferred tax		(31)	(31)
Other		–	9
Effect of changes in profit and loss		–	861
Total effect of transition		**(1,288)**	**(418)**
Equity, IFRS		**19,775**	**23,416**

Statement of changes in cash flow – effect of transition to IFRS

The transition from local GAAP to IFRS has no effect on the cash flow statement.

Notes – effect of transition

A. Investment real estate

According to Danish financial Statements Act investment properties are measured at cost if it is not the main activity of the group. The KIRKBI Group has decided according to IFRS to measure investment properties at fair value and consequently recognised changes in fair value to the profit and loss. Depreciation and gain on sold properties booked according to the Danish Financial Statements Act have been reversed accordingly.

Furthermore the fair value of the Investment real estate in the balance sheet has been reclassified to a separate line.

B. Amortisation of goodwill and other intangible assets

According to the Danish Financial Statements Act, goodwill arising from an intra-group restructuring is capitalised using the purchase method. According to IFRS the pooling of interests method should be used, and thus goodwill will not occur.

C. Investments in securities

IAS 39 defines financial assets which according to the investment strategy is measured on fair value as trading assets and the private equity investments are classified as such and are reclassified in the balance sheet to securities.

D. Deferred tax

The various transitional adjustments lead to various temporary tax differences. According to its accounting policies the group must account for such differences. In order to calculate the deferred tax amount, appropriate tax rates have been applied.

NOTE 33. GROUP STRUCTURE

Ownership is 100 % unless stated otherwise

KIRKBI A/S

LEGO A/S, 75 % (Denmark)

Denmark
LEGO System A/S

Europe
LEGO Park Holding UK Ltd.
– LEGO Lifestyle International Ltd. (UK)
LEGO Company Limited (UK)
LEGO Education Europe Ltd. (UK)
LEGO Belgium n.v.
LEGO Netherland B.V.
LEGO Sverige AB
LEGO Norge A/S
Oy Suomen LEGO Ab (Finland)
LEGO GmbH (Germany)
LEGO Handelsgesells. GmbH (Austria)
LEGO S.A.S. (France)
LEGO Brand Retail S.A.S (France)
LEGO S.p.A. (Italy)
LEGO S.A. (Spain)
LEGO Lda. (Portugal)
LEGO Production s.r.o. (Czech Republic)
LEGO Trading s.r.o. (Czech Republic)
LEGO Schweiz AG
LEGO Hungária Kft.
LEGO Manufacturing Kft. (Hungary)
LEGO Polska Sp. z.o.o.
LEGO Romania S.R.L.
LEGO Ukraine LLC
OOO LEGO (Russia)
LLD Share verwaltungs GmbH (Germany)
– LLD Share Gmbh & Co. KG (Germany)

Americas
LEGO do Brazil Ltda.
LEGO Canada Inc.
LEGO Mexico S.A. de C.V
Administración de Servicios LEGO, S. de R.L. de C.V. (Mexico)
LEGO Operaciones de Mexico S.A. de C.V. (Mexico)
LEGO Real Estate, S.A. de C.V. (Mexico)
LEGO System Inc. (US)
– LEGO Dacta Inc. (US)
  – Dacta and Pitsco LLC, 51 % (US)
– LEGO Brand Retail Inc. (US)

Asia, Africa and Australia
LEGO Hong Kong Limited
LEGO Australia Pty. Ltd.
LEGO New Zealand Ltd.
LEGO Korea Co. Ltd.
LEGO South Africa (Pty.) Ltd.
LEGO Japan Ltd.
LEGO Company Ltd. (Hong Kong)
LEGO Singapore Pte. Ltd.
LEGO Trading CO Ltd. (Beijing)

Associates
KABOOKI A/S, 19.8 % (Denmark)

KIRKBI Invest A/S (Denmark)

Denmark
KIRKBI Anlæg A/S
KIRKBI Real Estate Investment A/S
K & C Holding A/S
LEGO Juris A/S
LEGO Security ApS
NJK3 ApS

Europe
KIRKBI Estates Ltd. (UK)
KIRKBI Palác Karlin Property s.r.o. (Czech Republic)
KIRKBI Real Estate Investment s.r.o. (Czech Republic)
Valdek Praha Spol s.r.o. (Czech Republic)
Blue Hors Nederland B.V. (Netherland)
Boston Holding A/S, 63 % (Denmark)
– Borkum Riffgrund I, 50 % (Germany)

Associates
Axcel IKU Invest A/S, 33.3 % (Denmark)
Blue Hors ApS, 89.9 % (Denmark)
Falck Holding A/S, 20 % (Denmark)
Founders A/S, 33.3 % (Denmark)
KIFU-AX II A/S, 32.3 % (Denmark)
Schelenborg Gods ApS, 89.9 % (Denmark)

INTERLEGO AG (Switzerland)

Europe
KIRK AG (Switzerland)
Hotel Valbella Inn AG (Switzerland)
Hotel Panorama Valbella AG (Switzerland)

Merlin Entertainments S.à.r.l 36.5 % (Luxembourg)

CONTENTS

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 DECEMBER

(m DKK)	Note	2012	2011
Dividend from investments in subsidiaries		2,250	1,875
Other net income		37	32
Administration costs	2	(49)	(24)
Operating profit		**2,238**	**1,883**
Financial income	3	77	106
Financial expenses	4	(21)	(42)
Profit before tax		**2,294**	**1,947**
Tax on profit for the year	5	(15)	(35)
Profit for the year		**2,279**	**1,912**
Statement of comprehensive income			
Profit for the year		2,279	1,912
Other comprehensive income after tax		(3)	(11)
Total comprehensive income		**2,276**	**1,901**
Proposed distribution			
Dividend		200	100
Transferred to retained comprehensive income		2,076	1,801
		2,276	**1,901**

BALANCE SHEET AT 31 DECEMBER

(m DKK)	Note	2012	2011
ASSETS			
Non-current assets			
Property		61	15
Other fixtures, fittings, tools and equipment		4	4
Fixed assets under construction		280	123
Property, plant and equipment	6	**345**	**142**
Investments in subsidiaries		14,890	14,890
Investments in associates		2,552	2,552
Receivables from associates		542	483
Other non-current assets	7	**17,984**	**17,925**
Total non-current assets		**18,329**	**18,067**
Current assets			
Receivables from subsidiaries		6,356	5,170
Current tax receivables		417	9
Other receivables		11	16
Cash		6	5
Total current assets		**6,790**	**5,200**
TOTAL ASSETS		**25,119**	**23,267**

BALANCE SHEET AT 31 DECEMBER

(m DKK)	Note	2012	2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200	200
Retained comprehensive income		23,836	21,960
Proposed dividend		200	100
Total equity		**24,236**	**22,260**
LIABILITIES			
Non-current liabilities			
Borrowings	8	117	119
Deferred tax liabilities	9	1	2
Other long-term liabilities	8	6	3
Total non-current liabilities		**124**	**124**
Current liabilities			
Borrowings	8	2	2
Payables to subsidiaries		662	826
Trade payables		32	22
Other short-term liabilities		63	33
Total current liabilities		**759**	**883**
Total liabilities		**883**	**1,007**
TOTAL EQUITY AND LIABILITIES		**25,119**	**23,267**
Contingent liabilities and other obligations	10		

STATEMENT OF CHANGES IN EQUITY

(m DKK)	Share capital	Retained comprehen-sive income	Proposed dividend	Total
Equity at 1 January 2012	**200**	**21,960**	**100**	**22,260**
Dividend	–	(200)	(100)	(300)
Total comprehensive income for the year	–	2,076	–	2,076
Proposed dividend	–	–	200	200
Equity at 31 December 2012	**200**	**23,836**	**200**	**24,236**
Equity at 1 January 2011	**200**	**20,159**	**100**	**20,459**
Dividend	–	–	(100)	(100)
Total comprehensive income for the year	–	1,801	–	1,801
Proposed dividend	–	–	100	100
Equity at 31 December 2011	**200**	**21,960**	**100**	**22,260**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	Note	2012	2011
Operating profit		2,238	1,883
Interest received		77	106
Interest paid		(21)	(42)
Income tax (paid)/received		(16)	(34)
Other reversals with no effect on cash flows		1	(13)
Changes in working capital		(1,713)	(1,668)
Cash flows from operating activities		**566**	**232**
Purchases of property, plant and equipment		(206)	(129)
Investment in other non-current assets		(57)	–
Cash flows from investing activities		**(263)**	**(129)**
Dividend paid to shareholders		(300)	(100)
Repayments of borrowings		(2)	(1)
Cash flows from financing activities		**(302)**	**(101)**
Net cash flows		**1**	**2**
Cash at 1 January		5	3
Cash at 31 December		**6**	**5**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The annual report of the Parent Company KIRKBI A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

For all periods up to and including the year ended 31 December 2010, the Parent Company prepared its financial statements in accordance with local generally accepted accounting principles (Danish GAAP). These financial statements for the year ended 31 December 2012 are the first ones the Parent Company has prepared in accordance with IFRS. Please refer to note 12 for information on how the Parent Company has adopted IFRS.

The accounting policies for the Parent Company and for the KIRKBI Group are identical (see note 31 for the KIRKBI Group) except for the following:

Dividend from investments in subsidiaries and associates
Dividend from investments in subsidiaries and associates is recognised in the income statement of the parent company in the year the dividends are declared. If the dividend distributed exceeds the comprehensive income of the subsidiaries in the period the dividend is declared, an impairment test is performed.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at acquisition cost. The acquisition cost includes the fair value of the purchase consideration plus direct purchase costs.

If there is an indication of impairment, impairment testing is carried out as described in the accounting policies for the consolidated financial statements. Where the carrying value exceeds the recoverable amount, it is written down to the recoverable amount.

NOTE 2. EMPLOYEE EXPENSES

(m DKK)	2012	2011
Wages and salaries	59	42
Pension costs	1	1
Other expenses and social security costs	1	1
	61	**44**
Including fee to Executive Management and Board of Directors:	**20**	**16**
Number of employees	**38**	**34**

NOTE 3. FINANCIAL INCOME

(m DKK)	2012	2011
Interest from subsidiaries	51	77
Income from other investments and securities	25	27
Other interest and exchange gains	1	2
	77	**106**

NOTE 4. FINANCIAL EXPENSES

(m DKK)	2012	2011
Interest to subsidiaries	11	16
Other interest and exchange losses	10	26
	21	**42**

NOTE 5. TAX ON PROFIT FOR THE YEAR

(m DKK)	2012	2011
Current tax on profit for the year	12	16
Changes in deferred tax	(1)	1
Adjustment of tax relating to previous years, current tax	4	18
	15	**35**
Income tax expenses are specified as follows:		
Calculated 25 % tax on profit for the year before income tax	574	487
Non-taxable income	(563)	(470)
Adjustment of tax relating to previous years	4	18
	15	**35**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

2012 (m DKK)	Property	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	132	6	123	261
Additions	2	–	204	206
Transfer	47	–	(47)	–
Cost at 31 December	**181**	**6**	**280**	**467**
Depreciation and impairment losses at 1 January	117	2	–	119
Depreciation for the year	3	–	–	3
Depreciation and impairment losses at 31 December	**120**	**2**	**–**	**122**
Carrying amount at 31 December	**61**	**4**	**280**	**345**

2011 (m DKK)	Property	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	132	4		136
Additions	–	2	127	129
Disposals	–	–	(4)	(4)
Cost at 31 December	**132**	**6**	**123**	**261**
Depreciation and impairment losses at 1 January	116	1	–	117
Depreciation for the year	1	1	–	2
Disposals	–	–	–	–
Depreciation and impairment losses at 31 December	**117**	**2**	**–**	**119**
Carrying amount at 31 December	**15**	**4**	**123**	**142**

NOTE 7. OTHER NON-CURRENT ASSETS

2012 (m DKK)	Investments in subsidiaries	Investments in associates	Receivables from associates
Cost at 1 January	14,890	2,552	483
Exchange adjustments	–	–	2
Additions	–	–	57
Cost at 31 December	**14,890**	**2,552**	**542**

2011 (m DKK)	Investments in subsidiaries	Investments in associates	Receivables from associates
Cost at 1 January	14,890	2,552	485
Exchange adjustments	–	–	(2)
Cost at 31 December	**14,890**	**2,552**	**483**

Subsidiaries (m DKK)	Domicile	Currency	Nominal capital	Interest %
LEGO A/S	Denmark	DKK	20,000,000	75 %
KIRKBI Invest A/S	Denmark	DKK	100,000,000	100 %
INTERLEGO AG	Switzerland	CHF	67,000,000	100 %

Associates (m DKK)	Domicile	Currency	Nominal capital	Interest %
Merlin Entertainments Group S.à.r.l.	Luxembourg	EUR	1,567,670	36.5 %

NOTE 8. NON–CURRENT LIABILITIES

(m DKK)	Total debt	Due within 1 year	Due between 2 and 5 years
Borrowings	119	2	10
Other long-term liabilities	6	–	6
	125	**2**	**16**

NOTE 9. DEFERRED TAX

(m DKK)	2012	2011
Deferred tax, net at 1 January	2	1
Change in deferred tax	(1)	1
Provision for deferred tax, net at 31 December	**1**	**2**
Classified as:		
Deferred tax liabilities	1	2
	1	**2**

NOTE 10. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

(m DKK)	2012	2011
Remaining obligations in investment projects	39	575
Guarantees for group enterprises' balances with credit institutions	1,161	1,153
Liabilities operational lease agreements	4	5
Other liabilities	119	151
	1,323	**1,884**

Security has been given in land, buildings and installations at a net carrying amount of 11 million DKK (12 million in 2011) for the company's mortgage loans.

The Parent Company is the KIRKBI Group's management company in relation to the Danish tax authorities in as far as national, joint taxation is concerned.

NOTE 11. RELATED PARTY TRANSACTIONS

KIRKBI A/S´ related parties comprise Kjeld Kirk Kristiansen, Sofie Kirk Kiær Kristiansen, Thomas Kirk Kristiansen, Agnete Kirk Thinggaard and the Board of Directors and the Executive Management of KIRKBI A/S. Related parties also comprise subsidiaries and associates and Boards of Directors and Executive Management in these companies. Related parties further comprise companies where the mentioned shareholders have significant influence.

Kjeld Kirk Kristiansen, Sofie Kirk Kiær Kristiansen, Thomas Kirk Kristiansen and Agnete Kirk Thinggaard have as shareholders significant influence in KIRKBI A/S.

In the financial year a limited number of transactions related to services took place between the owners of KIRKBI A/S and the KIRKBI Group. These services have been paid on normal market conditions and the total fee paid to KIRKBI A/S does not exceed 1 mDKK (2011 1 mDKK).

There were no transactions in the financial year with the Board of Directors or the Executive Management besides transactions related to employment except from the circumstances described above.

For information of remuneration to Board of Directors and the Executive Management is referred to note 2.

Transactions with subsidiaries and associates have included the following:

(m DKK)	2012	2011
Financial income	78	108
Rental income	28	23
Sale of services	60	61
Financial expenses	(11)	(16)
Rental expenses	(2)	(2)
Purchase of services	(12)	(13)
	141	**161**

Loans, receivables and commitments related to subsidiaries and associates are specified in the balance sheet.

NOTE 12. THE PARENT COMPANY'S TRANSITION TO IFRS

With effect from 1 January 2012, the accounting policies have been changed to comply with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of large companies.

The opening balance sheet as at 1 January 2011 and the comparative figures for 2011 have been prepared in accordance with the requirements of IFRS, including the transitional provisions in IFRS 1 First-time adoption of IFRS.

The accounting policies are based on the accounting stardards and bases for conclusion in force at 31 December 2012. The opening balance sheet at 1 January 2011 has been prepared as if IFRS had always been used.

Income statement – effect of transition to IFRS
1 January – 31 December 2011

(m DKK)	Note	Local GAAP	Effect of transition	IFRS
Revenue		38		38
Production costs		(6)		(6)
Gross profit		**32**		**32**
Administrative and other operating expenses		(24)		(24)
Operating profit		**8**		**8**
Income from investments in subsidiaries	A	3,047	(1,172)	1,875
Income from investments in associates	B	(122)	122	–
Financial income		106		106
Financial expenses		(42)		(42)
Profit before tax		**2,997**	**(1,050)**	**1,947**
Tax on profit for the year		(35)		(35)
Profit for the year		**2,962**	**(1,050)**	**1,912**

Balance sheet – effect of transition to IFRS

		1 JANUARY 2011			31 DECEMBER 2011		
(m DKK)	Note	Local GAAP	Effect of transition	IFRS	Local GAAP	Effect of transition	IFRS
ASSETS							
Non-current assets							
Property		16		16	15		15
Other fixtures, fittings, tools and equipment		3		3	4		4
Fixed assets under construction		–		–	123		123
Property, plant and equipment		**19**		**19**	**142**		**142**
Investment in subsidiaries	A	16,230	(1,340)	14,890	17,332	(2,442)	14,890
Investment in associates	B	1,816	736	2,552	1,684	868	2,552
Receivables from associates		485		485	483		483
Other investments		3		3	–		–
Other non-current assets		**18,534**	**(604)**	**17,930**	**19,499**	**(1,574)**	**17,925**
Total non-current assets		**18,553**	**(604)**	**17,949**	**19,641**	**(1,574)**	**18,067**
Current assets							
Receivables from subsidiaries		3,354		3,354	5,170		5,170
Other receivables		10		10	16		16
Current tax receivables		11		11	9		9
Cash		3		3	5		5
Total current assets		**3,378**		**3,378**	**5,200**		**5,200**
TOTAL ASSETS		**21,931**	**(604)**	**21,327**	**24,841**	**(1,574)**	**23,267**

Balance sheet – effect of transition to IFRS
(m DKK)

	Note	1 JANUARY 2011 Local GAAP	Effect of transition	IFRS	31 DECEMBER 2011 Local GAAP	Effect of transition	IFRS
EQUITY AND LIABILITIES							
EQUITY							
Share capital		200		200	200		200
Retained comprehensive income	A, B, D	20,763	(604)	20,159	23,534	(1,574)	21,960
Proposed dividend		100		100	100		100
Total equity		**21,063**	**(604)**	**20,459**	**23,834**	**(1,574)**	**22,260**
LIABILITIES							
Non-current liabilities							
Borrowings		120		120	119		119
Deferred tax liabilities		1		1	2		2
Other long-term liabilities		13		13	3		3
Total non-current liabilities		**134**		**134**	**124**		**124**
Current liabilities							
Borrowings		2		2	2		2
Payables to subsidiaries		663		663	826		826
Trade payables		–		–	22		22
Other short-term liabilities		69		69	33		33
Total current liabilities		**734**		**734**	**883**		**883**
Total liabilities		**868**		**868**	**1,007**		**1,007**
TOTAL EQUITY AND LIABILITIES		**21,931**	**(604)**	**21,327**	**24,841**	**(1,574)**	**23,267**

Statement of changes in equity – effect of transition to IFRS
(m DKK)

	Note	1 January 2011	31 December 2011
Equity, local GAAP		**21,063**	**23,834**
Effect of transition:			
A. Adjustment of valuation of investment in subsidiaries from the equity method to cost		(1,340)	(1,340)
B. Adjustment of valuation of investment in associates from the equity method to cost		736	736
Effect of changes in profit and loss		–	(1,050)
Other		–	80
Total effect of transition		**(604)**	**(1,574)**
Equity, IFRS		**20,459**	**22,260**

Statement of changes in cash flows – effect of transition to IFRS
The transition from local GAAP to IFRS has no effect on the cash flow statement.

Notes – effect of transition

A. Valuation of investments in subsidiaries
According to IFRS investments in subsidiaries in the Parent Company are measured at acquisition cost where the prior measurement according to Danish GAAP was the equity method. In the income statement dividends from investments in subsidiaries are recognised in the year where dividends are declared. Investments in subsidiaries were previously, according to Danish GAAP, recognised in the profit and loss according to the equity method.

B Valuation of investments in associates
According to IFRS investments in associates in the Parent Company are measured at acquisition cost where the prior measurement according to Danish GAAP was the equity method. In the income statement dividends from investments in associates are recognised in the year where dividends are declared. Investments in associates were previously, according to Danish GAAP, recognised in the profit and loss according to the equity method.

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