ANNUAL REPORT 2013

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KIRKBI – A FAMILY-OWNED COMPANY

KIRK KRISTIANSEN FAMILY

100 % OWNERSHIP

KIRKBI GROUP

2013 KEY FIGURES

11,956
FULL-TIME EMPLOYEES

7.6 (b DKK)
CASH FLOW FROM OPERATION

9.2 (b DKK)
PROFIT FOR THE YEAR

36.6 (b DKK)
EQUITY

Strategic activities

75 %

THE LEGO GROUP

Revenue	25.4 b DKK
Profit for the year	6.1 b DKK
Investments	2.7 b DKK
Employees(FTE)	11,755

Founded by Ole Kirk Kristiansen in 1932. Based on the LEGO® brick, the company provides toys, experiences and educational materials for children

29.9 %

MERLIN ENTERTAINMENTS PLC

Revenue	10.4 b DKK
Profit for the year	1.3 b DKK
Investments	1.4 b DKK
Employees (FTE)	16,285

Europe's leading and the world's second-largest visitor attraction operator. Owns i.a the LEGOLAND® parks which were founded by Godtfred Kirk Christiansen in 1968 and the LEGOLAND® Discovery Centres

31.5 %

BORKUM RIFFGRUND 1

Investments	1.1 b DKK
First power	Q4 2014
Wind turbines	77 3.6 MW

Offshore windfarm Borkum Riffgrund 1 is under construction. The purpose is to support the LEGO Group's goal to generate enough renewable energy to meet 100 % of its energy needs by 2020

100 %

LEGO AND LEGOLAND TRADEMARKS

Revenue	1 b DKK

The LEGO and LEGOLAND trademarks

Investment activities

LIQUID INVESTMENTS

- Bonds and corporate debt
- Quoted equities

LESS-LIQUID INVESTMENTS

- Long-term equity

Falck
matas

- Real Estate
- Private Equity
- Long-term fixed income

INVESTMENT PORTFOLIO (b DKK)

FINANCIAL HIGH-LIGHTS

KIRKBI Group

(m DKK)	2013	2012	IFRS* 2011	DANISH GAAP* 2010	2009
Income statement:					
Operating profit from strategic activities	10,317	8,677	6,453		
Operating profit from investment activities	1,859	1,649	108		
Total operating profit	11,873	10,166	6,425	5,065	2,821
Profit for the year	9,205	7,682	4,880	5,207	2,962
Balance sheet:					
Total assets	48,108	40,103	32,052	29,285	25,768
Equity	36,610	29,607	23,416	21,063	16,820
Non-controlling interests	2,767	2,491	1,763	1,846	1,202
Liabilities	8,731	8,005	6,873	6,376	7,746
Cash flow statement:					
Cash flows from operating activities	7,591	7,713	4,739	4,775	3,785
Investment in property, plant and equipment	(3,708)	(3,064)	(1,344)	(1,347)	(1,377)
Investment in intangible assets	(103)	(81)	(129)	(131)	(216)
Employees:					
Average number (full-time)	11,956	10,598	9,542	8,508	7,425
Financial ratios (in %):					
Equity ratio	81.9 %	80.0 %	78.6 %	79.7 %	68.5 %
Return on equity	23.1 %	23.6 %	17.7 %	22.5 %	15.3 %

* The comparative figures for 2009–2010 are prepared according to generally accepted accounting principles in Denmark (Danish Gaap) and the financial statement for the years 2011–2013 are prepared in accordance with IFRS. The figures for 2009–2010 are therefore not necessarily comparable with the financial figures for 2011–2013.

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.

2013 AT A GLANCE

Good performance in the majority of our activities in the KIRKBI Group has turned 2013 into another strong year. The LEGO Group had a strong 2013 result driven by continued product innovation and growth in consumer sales. Merlin Entertainments plc showed growth in both number of visitors, operating profit and executed a highly successful listing on London Stock Exchange. The investment activities showed a good result based on positive development in the financial markets and efficient portfolio allocation.

In 2013 the LEGO Group continued its growth, and revenue increased by 10 % to DKK 25.4 billion and the operating profit was DKK 8.3 billion. The revenue growth is driven by continued product innovation, a successful launch of LEGO® Legends of Chima, continued success of LEGO Friends and strong performance from classic lines such as LEGO City. Driven by the continued consumer demand and future growth plans, the LEGO Group continued its extensive investments in production capacity through capital expenditure of DKK 2.6 billion and number of employees increased by 13 % to 11,755.

2013 was also a year of progress for Merlin Entertainments plc with growth in existing estate, continued roll out of the Group's brands globally and the major milestone of a successful listing on the London Stock Exchange. Number of visitors increased by more than 10 % to 59.8 million, and revenue increased to GBP 1,192 million. EBITDA saw strong growth to GBP 390 million impacted by the bounceback in the UK business after a challenging 2012. In order to ensure sufficient liquidity in the IPO of Merlin Entertainments plc, KIRKBI made a minor sell-down of shares, and after the listing we hold 29.9 % of the company.

During 2013, the building of the German offshore wind farm Borkum Riffgrund 1 has developed according to the plans. During 2013, the offshore substation for the wind farm was installed, and early 2014 the installation of foundations started.

Based on the strong dividend flow from the LEGO Group and the high financial returns over recent years, we have continued the growth in the investment portfolio. In 2013 we have continued the work with identifying long-term investment opportunities, such as our investment in 20 % of Falck Holding A/S in 2011 and 8 % of ISS A/S in 2012. During 2013 we have invested in syndicated loans to a portfolio company, preference shares in a Danish unlisted company and finally we have added an equity stake in the Danish health and beauty retailer Matas A/S.

Despite the fact that the global growth rates are at a moderate level, the equity markets in both Europe and the US showed attractive returns, and generally our investment portfolio yielded a sound return. The returns were driven by good performance in our fixed income, developed market equity portfolio, private equity and long-term equity areas whereby investments in emerging markets had a difficult year.

The continued strong performance is built on motivation and engagement and we thank all employees in our Group for their dedicated efforts during the year.

The strong performance in the KIRKBI Group creates a firm foundation for the future. The Group is well positioned to support the continued growth of the LEGO Group and the financiel strength allows us to target larger attractive investment opportunities within our strategy.

Søren Thorup Sørensen
CEO

Kjeld Kirk Kristiansen
Chairman of the Board

GROUP INFORMATION AND STRUCTURE

Parent Company
KIRKBI A/S
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DK – 7190 Billund
Tel: + 45 75 33 88 33
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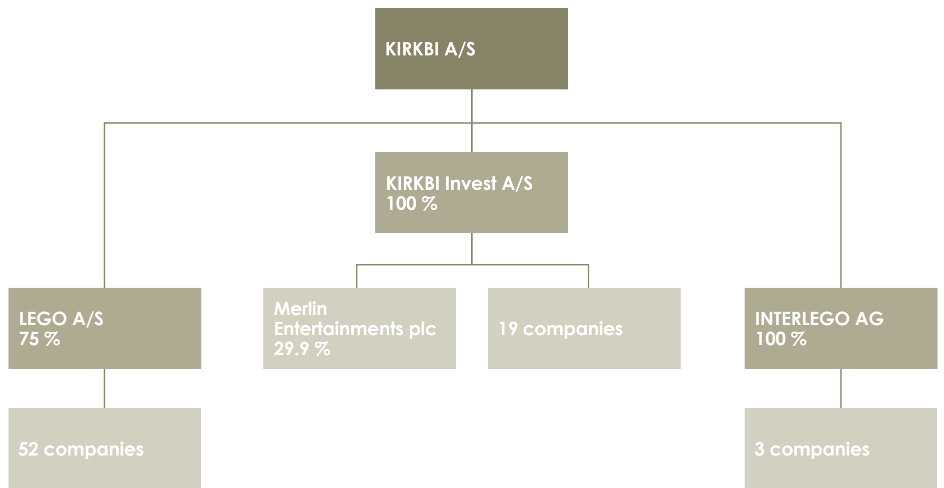
Website: www.kirkbi.com
E-mail: kirkbi@kirkbi.dk

Board of Directors
Kjeld Kirk Kristiansen (Chairman)
Niels Jacobsen (Deputy Chairman)
Jeppe Christiansen
Peter Gæmelke
Thomas Kirk Kristiansen

Executive Management
Søren Thorup Sørensen

Auditors
Deloitte

MAIN GROUP STRUCTURE



(for a detailed group structure please refer to note 32)

ABOUT KIRKBI

A FAMILY-OWNED HOLDING COMPANY

KIRKBI A/S is the Kirk Kristiansen family´s 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 plc, which among other activities owns the LEGOLAND® parks and LEGOLAND Discovery Centres.

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 KIRKBI are divided into strategic and investment activities.

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

The investment activities include investments in bonds, corporate debt, listed equities, private equity, real estate and long-term equities.

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)	2013	2012
Strategic activities	10,317	8,677
Investment activities	1,859	1,649
Other operating activities	(70)	10
Administration and trademark costs	(233)	(170)
Total operating profit	**11,873**	**10,166**

ANNUAL REVIEW

INCOME STATEMENT

The KIRKBI Group's profit before tax for 2013 amounted to DKK 11,857 million against DKK 10,138 million in 2012. The profit after tax and non-controlling interests for 2013 were DKK 7,643 million compared with DKK 6,257 million for 2012.

The profit for the year is considered highly satisfactory and exeeded the expectation disclosed in the financial statement for 2012.

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 48.1 billion against DKK 40.1 billion in 2012. The increase is primarily due to investments in operational assets and investment-related securities. The equity ratio was 81.9 % against 80.0 % in 2012.

CASH FLOWS

In 2013, cash flows from operating activities were DKK 7,591 million against DKK 7,713 million in 2012. Cash flows from investing activities were DKK -6,458 million against DKK -6,422 million in 2012.

DEVELOPMENT IN THE KIRKBI GROUP'S ACTIVITIES AND FINANCIAL POSITION

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

In 2013, the LEGO Group had yet another successful year and the results are considered highly satisfactory. The company's net revenue increased by 10 % to DKK 25.4 billion. Earnings also improved significantly as profit before tax was DKK 8,239 million against DKK 7,522 million in 2012.

Merlin Entertainments plc also improved net revenue and net profit before tax compared to 2012. Net revenue increased by 11 % to GBP 1,192 million and the profit for the year increased by 91 % to GBP 145 million. Merlin Entertainments completed in November 2013 a successful IPO on the London Stock Exchange. As part of the IPO KIRKBI reduced its ownership to 29.9 %. The KIRKBI Group had an accounting gain of DKK 644 million in connection with the IPO and dilution of ownership.

The investment activities yielded a satisfactory return of DKK 1,859 million compared to DKK 1,649 million in 2012. This result is driven by positive results from bonds, equities, real estate, private equity and long-term equity. During the year the investment portfolio increased by DKK 4.8 billion.

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 2013, the average number of full-time employees was 11,956 against 10,598 in 2012. These numbers are exclusive of the employees in associates. 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 markets where the LEGO Group is active, the market for family entertainment and other leisure activities, and the financial markets.

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

Based on a good start of 2014 for both the LEGO Group and the investment activities, the overall result for 2014 for the KIRKBI Group is expected to be satisfactory.

PEOPLE AND VALUES

Effective governance structure, clear roles and responsibilities and stringent internal company procedures are important to any company inclusive KIRKBI, but it is the people employed and their values that secure the right combination of skills and performance. People and values make the difference, and that is not least the case in a versatile company as KIRKBI.

The KIRKBI staff consists of specialised and experienced professionals in the fields of investment and treasury management, board assignments, real estate investments and operation, business administration and controlling. At the same time they acknowledge and work by the values of the Kirk Kristiansen family. The core of these values is motivation and engagement together with a high ethical standard in all activities.

Geography and history support the essence of these values. Billund in Denmark is the hearth of the KIRKBI business and also the origin of the LEGO Group and the Kirk Kristiansen family.

The number of employees in KIRKBI is 41. KIRKBI's main office is situated in Billund. Besides, KIRKBI has offices in Copenhagen and Baar in Switzerland.

CORPORATE SOCIAL RESPONSIBILITY

KIRKBI strives to be a good corporate citizen with a high ethical standard in all operations both in the Parent Company itself as well as in all the companies where KIRKBI owns significant shares.

In that regard KIRKBI has identified certain industries that it simply does not invest in at all: Tobacco, armament and adult entertainment.

Additionally, KIRKBI has entered into business relations with the Swedish ethical screening company GES Investment Services. The company has developed a global ethical standard – "GES Global Ethical Standard" - based on systematic screening of international companies regarding their compliance with international conventions and guidelines on environment, human rights and corruption.

GES Investment Services conducts regularly a screening of KIRKBI's quoted equity portfolio.

The LEGO Group and Merlin Entertainments plc both conduct comprehensive work with CSR matters and communicate the progress made. These CSR activities all ensure that KIRKBI's strategic activities live up to our high ethical standards.

The responsibility report 2013 for the LEGO Group is available at www.LEGO.com/responsibility.

The work with CSR in the companies in which KIRKBI has made long-term equity investments is also conducted by the companies themselves. Both Falck Holding A/S and Matas A/S conduct comprehensive work with CSR matters and communicate the progress made in the area.

STATEMENT ON THE GENDER COMPOSITION OF MANAGEMENT

The Board of Directors of KIRKBI A/S has decided that longer-term the board should include one female member, provided that such person has the right qualifications for purposes of the directorship.

It is the Board of Directors' intention to meet the target by the end of 2017. At present, the under-represented gender accounts for 0 percent of the board members appointed by the general meeting of shareholders.

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 11,500 full-time employees.

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, Singapore 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 2013

The LEGO Group continued its strong growth in 2013 as revenue increased by DKK 2.3 billion to DKK 25.4 billion, a growth of 11 % excluding foreign exchange rate impacts. Despite challenging market conditions all major markets achieved growth in 2013.

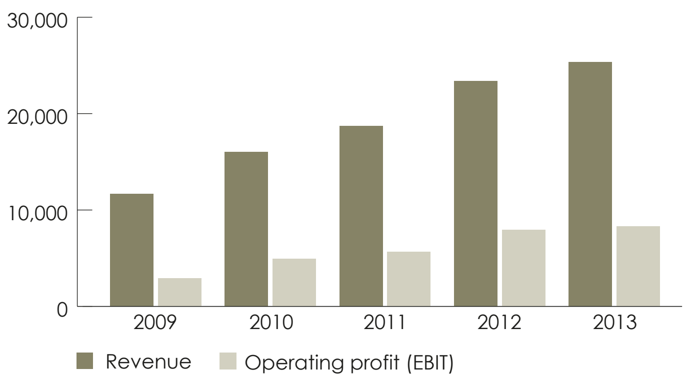
In 2013 the LEGO Group stepped up its intensive investments in production capacity. In March the LEGO Group annouced its plans to build a manufacturing facility in China to solely supply the Asian market. Construction began in 2013 and the plant is expected to be operational in 2017. A significant expansion of the LEGO factory in Kladno, the Czech Republic, commenced in 2013 and is expected to be finalised in 2016. In Nyiregyháza, Hungary, the construction of a new factory to replace the existing leased factory in the same town continued during 2013 and is expected to open in 2014. At the LEGO factory in Monterrey, Mexico, the building of an expansion to the packaging facilities commenced in 2013 and is expected to open in 2014.

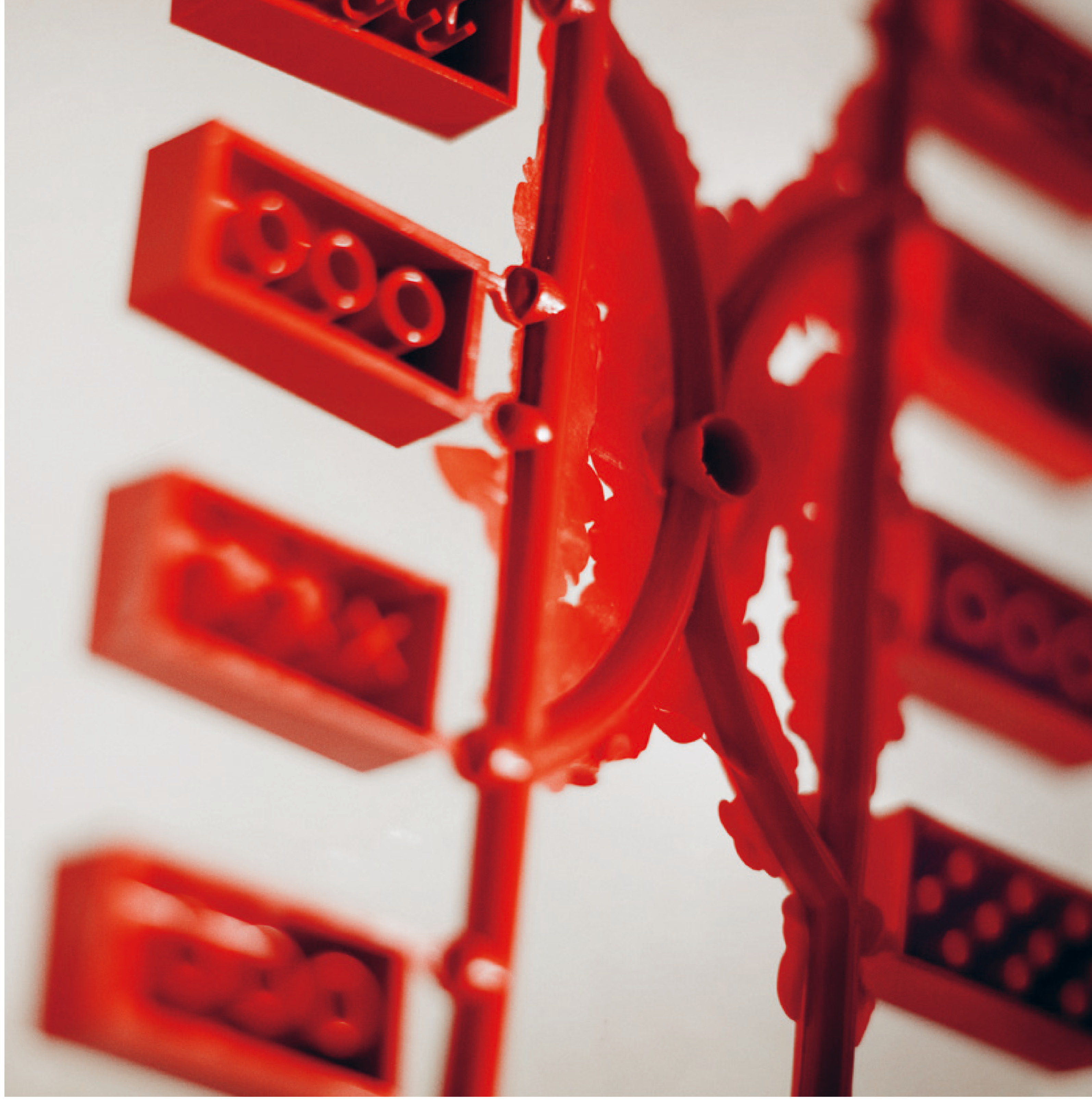
A large number of new employees was welcomed during 2013 and the average number of full-time employees increased to 11,755 in 2013 from 10,400 in 2012.

The LEGO Group's profit before tax amounted to DKK 8.2 billion in 2013 against DKK 7.5 billion the year before.

During the coming years, the LEGO Group expects to grow moderately ahead of the global toy market.

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
Jan Nielsen
Kåre Schultz
Søren Thorup Sørensen

FINANCIAL HIGHLIGHTS (m DKK)

	2013	2012
Revenue	25,382	23,095
Operating profit	8,336	7,606
Profit before tax	8,239	7,522
Profit for the year	6,119	5,613
Equity	11,075	9,864
Cash flows from operating activities	6,744	6,220
Investments	(2,747)	(1,790)
Average number of employees (FTE)	11,755	10,400

MERLIN ENTERTAINMENTS PLC

ABOUT MERLIN ENTERTAINMENTS PLC

Merlin Entertainments plc is Europe's leading and the world's second-largest visitor attraction operator. At the end of December 2013, Merlin operated 99 attractions in 22 countries across four continents. The aim for Merlin is to deliver unique, memorable and rewarding experiences to its more than 59 million visitors worldwide.

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 Discovery Centres and the Eye.

Midway Attractions are predominantly indoor attractions located in city centers or resorts providing visits of shorter duration. Theme parks are stand-alone national brands generally aimed at families, teenagers and young adults.

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 ten LEGOLAND Discovery Centres across Europe, USA and Asia families with young children are offered an indoor, interactive and immersive experience.

Merlin Entertainments plc is a listed company on the London Stock Exchange.

KIRKBI is a significant shareholder of Merlin Entertainments plc with a 29.9 % interest.

HIGHLIGHTS FOR 2013

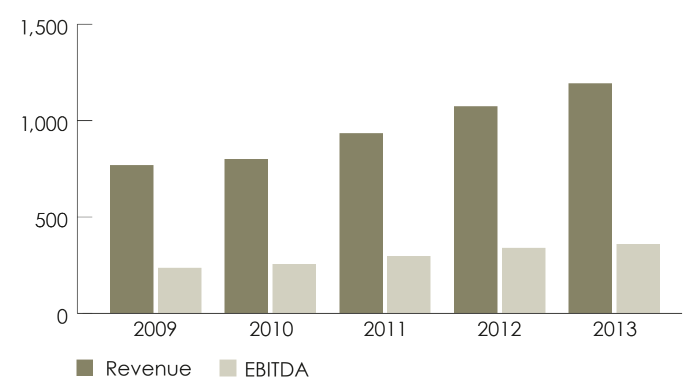
2013 was another successful year for Merlin. The company grew revenue by 10.9 %, driving an increase in underlying EBITDA of 12.8 % and continued its strong cash flow generation. Visitor numbers increased by 10.7 % during the year reflecting a combination of underlying growth in the existing estate as well as the addition of seven new Midway attractions and the opening of the LEGOLAND California hotel.

For the LEGOLAND parks 3 of the parks delivered record revenue and EBITDA. LEGOLAND Malaysia, which opened in September 2012, had a fantastic first full year of trading – the highest attendance for any LEGOLAND park during the first 12 months.

The number of LEGOLAND Discovery Centres increased by 2 centres during 2013 to 10 centres, by adding a centre in Westchester (New York) and a centre in Toronto, Canada. More LEGOLAND Discovery Centres are expected in the years to come.

In November 2013 Merlin completed a successful IPO on the London Stock Exchange. As a part of the IPO process and the simultaneous capital increase KIRKBI reduced its shareholding from 36.5 % to 29.9 %.

5 YEARS' PERFORMANCE (m GBP)



London Eye

FINANCIAL HIGHLIGHTS (m GBP)

	2013	2012
Revenue	1,192	1,074
Underlying EBITDA	390	346
Profit for the year	145	76
Equity	940	613
Cash flows from operating activities	365	348
Average number of employees (FTE)	16,285	14,836
Visitors (millions)	59.8	54.0
Ownership of Merlin Entertainments plc	29.9 %	36.5 %
KIRKBI's share of profit for the year (mDKK)	463	266

Board of Directors
Sir John Sunderland, Chairman
Nick Varney, CEO
Andrew Carr, CFO
Charles Gurassa
Ken Hydon
Miguel Ko
Dr. Gerry Murphy
Rob Lucas
Søren Thorup Sørensen

Substation for Borkum Riffgrund 1

RENEWABLES

ABOUT RENEWABLES

Renewables is a 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 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. Further it is a solid, long-term investment which fits well with the KIRKBI strategy.

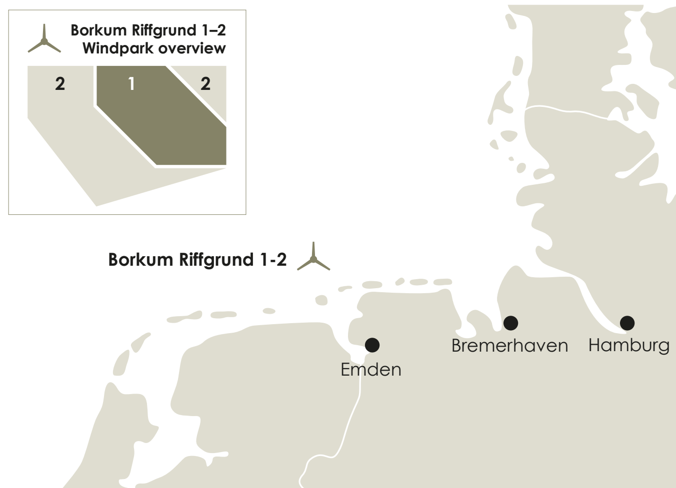
HIGHLIGHTS FOR 2013

In 2012 the KIRKBI Group entered into a joint venture with William Demant Invest and DONG Energy to construct 77 3.6 MW wind turbines in the North Sea at the German coast. This wind farm is named Borkum Riffgrund 1.

The first major milestone in the construction of the 77 wind turbines in Borkum Riffgrund 1 was achieved in August 2013, where the installation of the offshore substation for the wind farm in the North Sea was completed. The offshore substation has a total weight of 3,500 tonnes.

The next major step in the construction phase of the wind farm is installation of the foundations, which will take place in 2014. Installation of the wind turbines will start during the summer of 2014 and first power is expected in the fall of 2014. Commissioning of the complete wind farm is scheduled for 2015. When Borkum Riffgrund 1 has been commissioned, the wind farm will supply approximately 285,000 German households with green energy.

LOCATION



FINANCIAL HIGHLIGHTS

(m DKK)	2013	2012
Revenue	–	–
Profit for the year	0	(6)
Ownership of Borkum Riffgrund I	31.5 %	31.5 %

INVESTMENT ACTIVITIES

ABOUT INVESTMENT ACTIVITIES

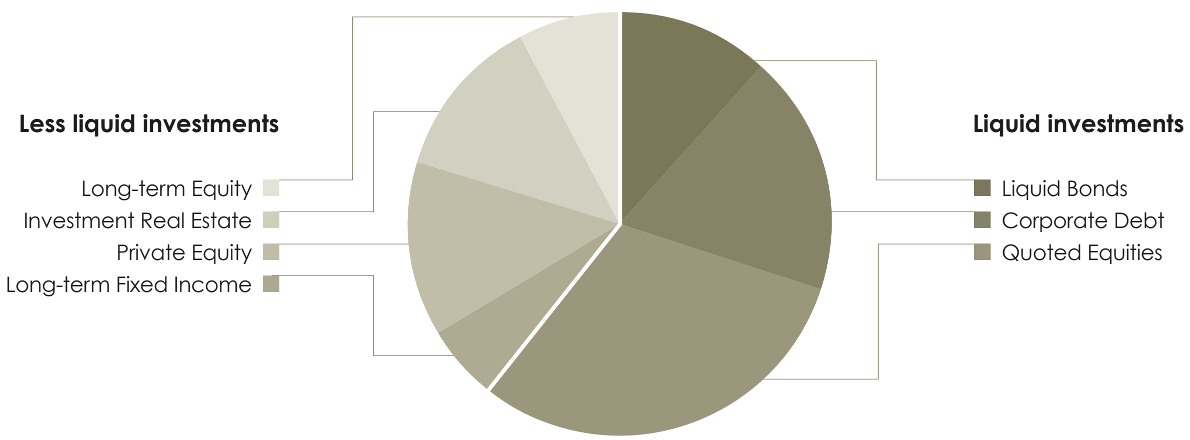
The investment philosophy of KIRKBI is within prudent levels of risk and a sufficient level of liquidity to invest in different value-creating activities. The investments are handled by the investment team to achieve the highest possible rate of total risk-adjusted return.

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 2013



INVESTMENT PHILOSOPHY

The key investment philosophies for new investments for the KIRKBI Investment team are:
- Transparent investment structures
- Diversification is key, but not an investment purpose on its own
- Long-term investment horison
- Good long-term relationship with cooperative partners with high integrity

We exclude investments in certain industries such as tobacco, armament, adult entertainment etc. and our investments are regularly screened by GES Investment Services for their compliance with international conventions, environment, human rights and corruption compliance.

HIGHLIGHTS FOR 2013

During 2013 a total of DKK 2.9 billion has been invested in the portfolio almost equally split between the liquid and less liquid asset classes.

Given a positive view on risk taking, the new liquid investments were mainly deployed in Quoted Equities and selected Corporate Debt, leaving the allocation to the low yielding Liquid Bonds at a minimum.

The majority of the new less liquid investments were:
- Participation in syndicated loan to a portfolio company
- Preferred shares in HusCompagniet which is Denmark's leading builder of family type houses. The company has developed from a regional market player to a clear nationwide market leader in Denmark
- Equity stake in the listed company Matas, which is the largest health and beauty retail chain in Denmark and Scandinavia. In Denmark, Matas has 266 own stores and 29 franchise stores

Within Private Equity a co-investment with one of our preferred partners was made. New commitments to and secondary transactions within Private Equity funds were made for a total of DKK 0.8 billion.

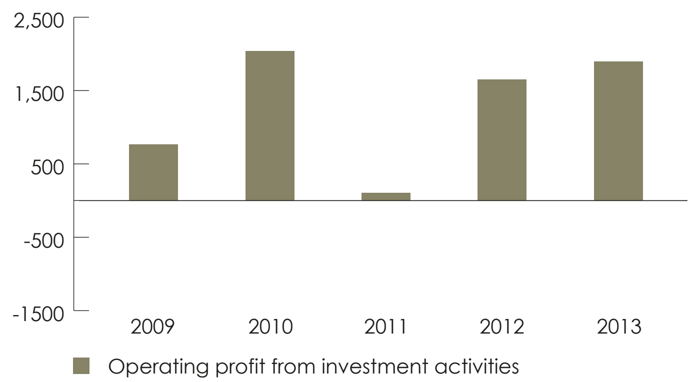
We continued to invest in long-term fixed income through a US loan vehicle.

In Real Estate, the London project – New Fetter Place – is close to completion, and the LEGO Group has decided to place the new London office here, taking up approximately 25 % of the building. No new properties were bought during 2013.

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

INVESTMENT PORTFOLIO AT YEAR-END (m DKK)

5 YEARS' PERFORMANCE (m DKK)



FINANCIAL HIGHLIGHTS (m DKK)

	2013	2012
Operating profit from investment activities	1,859	1,649

LONG-TERM EQUITY INVESTMENTS

ABOUT KIRKBI'S LONG-TERM EQUITY INVESTMENTS

As result of a strategic choice long-term equity investments are planned to be a growing part of the investment activities in KIRKBI. This choice reflects a wish to engage in supporting and developing the businesses by buying significant minority shares of high-quality companies with a long-term value potential.

KIRKBI invests within attractive and growing industries. The geographic focus area is Denmark and the rest of Scandinavia, Switzerland, Germany and Great Britain.

As holder of significant minority shares KIRKBI does not drive the businesses but is actively serving on the boards on strategy, long-term decisions and investments and making thorough follow ups on development and performance.

KIRKBI's first long-term equity investment was made in 2011 by buying a 20 % share of Falck Holding A/S. Falck is a well-run business with a strong global long-term growth potential.

Falck's activities are directed at preventing accidents and disease; providing assistance in situations of emergency, accidents and need; and helping people move on with their lives after illness or accidents. Falck has business activities in 43 countries on six continents and has more than 30,000 employees worldwide.

HIGHLIGHTS FOR 2013

Falck continues its strong organic growth from recent years and delivers also for 2013 growth in revenue, EBITDA and cash flow.

In September 2013 KIRKBI bought 11 % of the shares in Matas A/S after Matas A/S' successful IPO on the Nasdaq OMX Copenhagen Stock Exchange during the summer of 2013. KIRKBI considers the investment in Matas A/S to be a good supplement to the long-term equity investment portfolio. Matas is a well-run company with a stable cash flow and a stable long-term value potential.

Matas is the largest health and beauty retailer in Denmark. The product offering is sold through the Matas Store Network, which consists of 293 stores in Denmark, 2 stores in Sweden and Matas' webshop. Matas employs more than 2,000 people, primarily in Denmark.

New Fetter Place, London

REAL ESTATE INVESTMENTS

ABOUT KIRKBI'S REAL ESTATE INVESTMENTS

Real estate is a focused investment area, with the purpose to maintain and increase the real estate portfolio with sound and high-quality properties with a long-term value potential. This underlines the investment strategy to spread the investment portfolio risk between high and less volatile investments.

KIRKBI has currently 19 real estate investments with locations in Billund and Copenhagen (Denmark), Hamburg (Germany), London (Great Britain), Prague (Czech Republic) and Baar (Switzerland).

HIGHLIGHTS FOR 2013

The portfolio of real estate investment continued in 2013 to show a stable income, based on the strong portfolio of real estates and the underlying low vacancy rate.

In London the New Fetter Place real estate is near completion, which is expected in the first quarter of 2014. The building is containing all together app. 13,400 m^2 and is a 3 years project of renovation of a facility in the centre of London to a highly modern office building.

End of 2013 KIRKBI commenced a new investment strategy. The strategy contains a long-term plan for investments within real estate and a redesign of the organisation. Strategic cities have been identified in order to build up a diverse long-term sustainable portfolio. The implementation will translate into increased activity within real estate investments over the coming years.

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, INTERLEGO AG, Topdanmark A/S, Topdanmark Forsikring A/S and Danske Forsikring A/S

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

BOARD OF DIRECTORS

Kjeld Kirk Kristiansen
Chairman of the Board and member since 1974

Majority 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, 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

Deputy Chairman of the Board in Novo Nordisk 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 organisation

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, Sydbank and Hedeselskabet

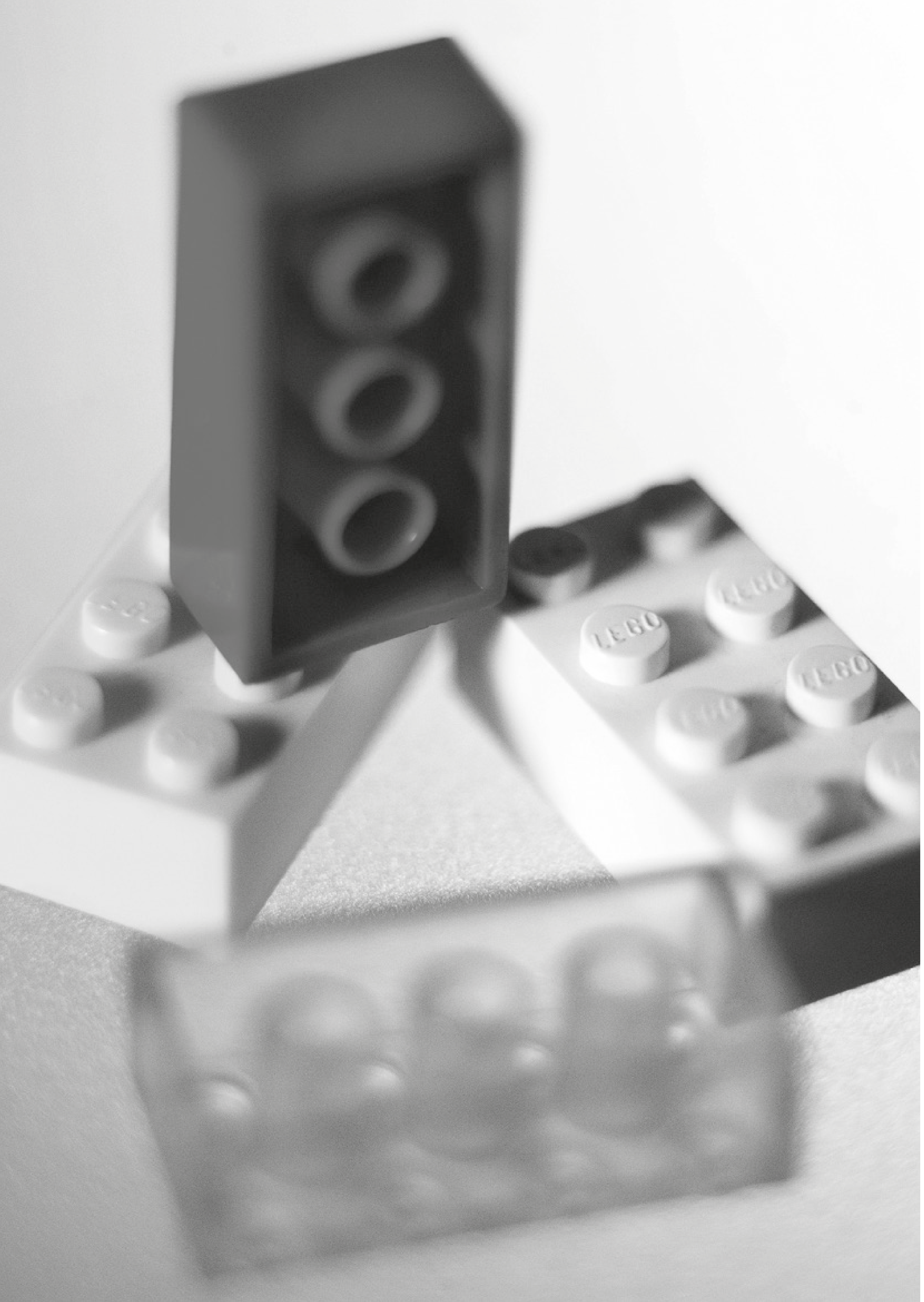
Thomas Kirk Kristiansen
Member of the Board since 2007

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

Chairman of the Board of KIRKBI AG

Deputy Chairman of the Board of the LEGO Foundation

Member of the Board of LEGO A/S, LEGO Juris 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 2013.

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 2013 and of the results of the Group's and the Parent Company's cash flows for the financial year 1 January – 31 December 2013 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, 17 March 2014

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 the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of KIRKBI A/S for the financial year 1 January - 31 December 2013, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The consolidated financial statements and parent financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent 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 parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent 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 parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent 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 parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31-12-2013, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

Statement on the management review

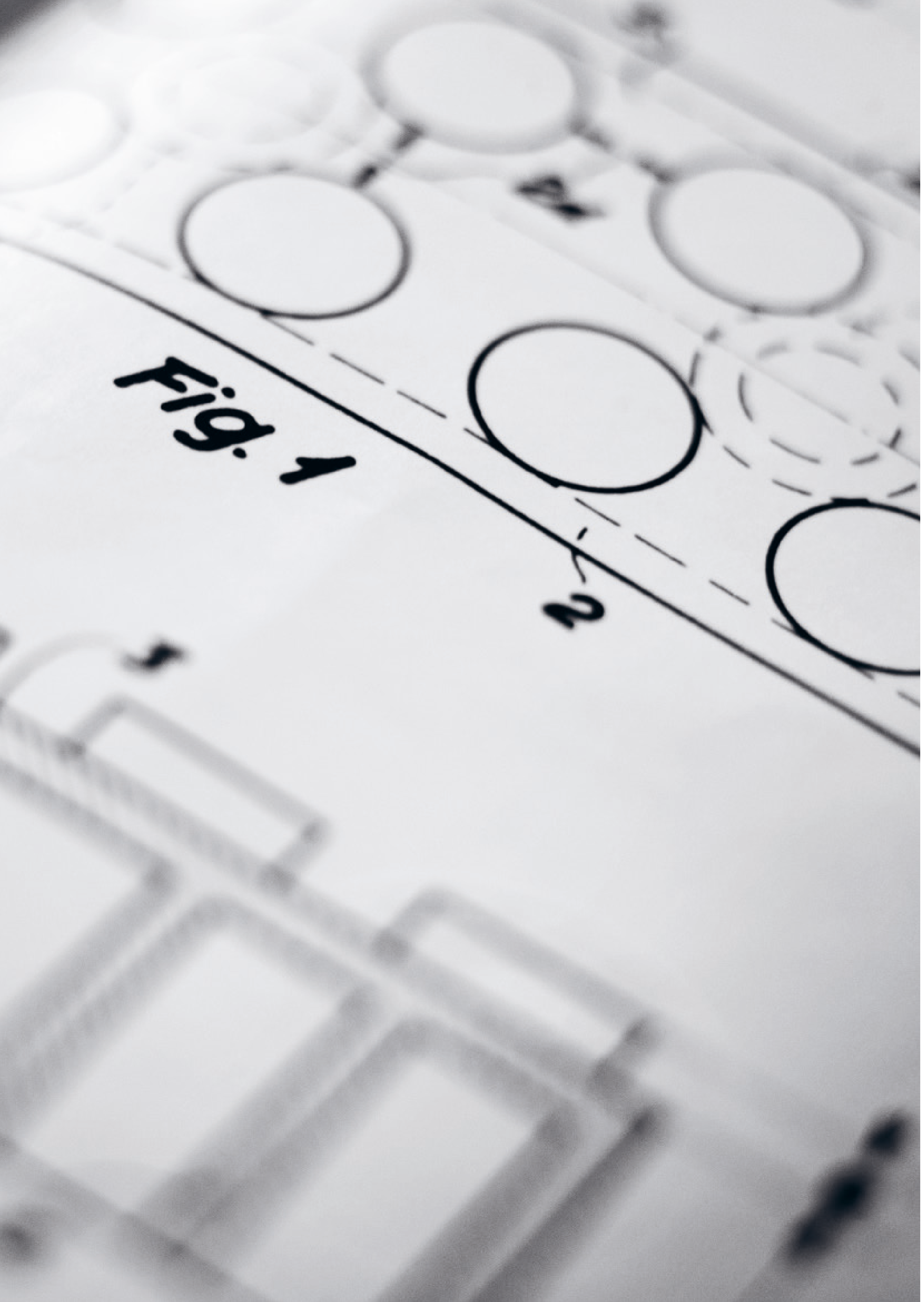
Pursuant to the Danish Financial Statements Act, we have read the management review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management review is consistent with the consolidated financial statements and parent financial statements.

Aarhus, 17 March 2014
Deloitte

Thomas Rosquist Andersen
State Authorised Public Accountant

Anders Dons
State Authorised Public Accountant



CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED INCOME STATEMENT

(m DKK)	Notes	2013	2012
LEGO Group [1] [2] [3]	2, 3, 4, 5	8,239	7,522
Royalties [1]		971	895
Merlin Entertainments (associate)	14	1,107	266
Renewables		0	(6)
Operating profit from strategic activities		**10,317**	**8,677**
Operating profit from investment activities	6	1,859	1,649
Other operating activities	4, 5	(70)	10
Administration and trademark costs [3]	2, 3, 4, 5	(233)	(170)
Total operating profit		**11,873**	**10,166**
Financial income	7	35	26
Financial expenses	8	(51)	(54)
Profit before tax		**11,857**	**10,138**
Tax on profit for the year	9	(2,652)	(2,456)
Profit for the year		**9,205**	**7,682**
Appropriation to			
Parent company shareholders		7,643	6,257
Non-controlling interests		1,562	1,425
		9,205	**7,682**

1) Operating profit from the LEGO Group and royalties include royalty from the LEGO Group of DKK 920 million (2012 DKK 853 million)

2) Revenue for the KIRKBI Group is DKK 25,730 million (2012 DKK 23,710 million) primarilly from sale of goods

3) Total operating expenses for the KIRKBI Group amounts to DKK 17,279 million (2012 DKK 15,659 million) as specified in note 2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(m DKK)	Notes	2013	2012
Profit for the year		**9,205**	**7,682**
Items that may be reclassified to the income statement:			
Exchange differences, foreign subsidiaries and associates		(338)	55
Net gain/(loss) on cash flow hedges		71	410
Net gain/(loss) on cash flow hedges associates		16	(43)
Tax on entries directly in equity		(18)	(97)
Items that will not be reclassified to the income statement:			
Remeasurements of defined benefit plans		(1)	–
Other equity movements in associates		(23)	–
Other comprehensive income for the year		**(293)**	**325**
Total comprehensive income		**8,912**	**8,007**
Appropriation to			
Parent company shareholders		7,401	6,503
Non-controlling interests		1,511	1,504
		8,912	**8,007**

BALANCE SHEET AT 31 DECEMBER

ASSETS (m DKK)	Notes	2013	2012
Non-current assets			
Goodwill, trademarks, patents and other intangible rights	11	1,889	1,919
Software		131	104
Development projects		71	37
Intangible assets	10	**2,091**	**2,060**
Property		2,581	2,133
Plant and equipment		2,114	1,615
Other fixtures, fittings, tools and equipment		1,193	1,069
Fixed assets under construction		2,844	1,339
Property, plant and equipment	12	**8,732**	**6,156**
Investment real estate	13	2,996	2.832
Investments in associates	14	3,183	2,796
Receivables from associates		503	542
Other investments		47	57
Prepayments		146	–
Deferred tax assets	19	140	133
Other non-current assets		**7,015**	**6,360**
Total non-current assets		**17,838**	**14,576**
Current assets			
Inventories	15	1,852	1,730
Trade receivables	16	4,874	4,957
Other receivables		1,149	768
Prepayments		74	230
Current tax receivables		185	14
Receivables from associates		168	51
Securities	17	20,317	16,596
Cash		1,651	1,181
Total current assets		**30,270**	**25,527**
TOTAL ASSETS		**48,108**	**40,103**

EQUITY AND LIABILITIES (m DKK)	Notes	2013	2012
EQUITY			
Share capital	18	200	200
Retained comprehensive income		36,210	29,207
Proposed dividend		200	200
KIRKBI Group's share of equity		**36,610**	**29,607**
Non-controlling interests		2,767	2,491
Total equity		**39,377**	**32,098**
LIABILITIES			
Non-current liabilities			
Borrowings		1,270	697
Deferred tax liabilities	19	668	535
Pension obligations	20	57	54
Payables to associates		186	176
Provisions	22	90	75
Other long-term liabilities	21	506	285
Total non-current liabilities		**2,777**	**1,822**
Current liabilities			
Borrowings		308	784
Payables to associates		25	32
Trade payables		2,289	2,158
Current tax liabilities		75	84
Provisions	22	112	64
Other short-term liabilities	21	3,145	3,061
Total current liabilities		**5,954**	**6,183**
Total liabilities		**8,731**	**8,005**
TOTAL EQUITY AND LIABILITIES		**48,108**	**40,103**

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 2013	**200**	**29,207**	**200**	**29,607**	**2,491**	**32,098**
Dividend	–	(100)	(200)	(300)	(1,157)	(1,457)
Profit for the year	–	7,643	–	7,643	1,562	9,205
Other comprehensive income for the year	–	(242)	–	(242)	(51)	(293)
Acquisition of non-controlling interest in subsidiaries	–	(98)	–	(98)	(78)	(176)
Proposed dividend	–	(200)	200	–	–	–
Balance at 31 December 2013	**200**	**36,210**	**200**	**36,610**	**2,767**	**39,377**
Balance at 1 January 2012	**200**	**23,116**	**100**	**23,416**	**1,763**	**25,179**
Dividend	–	(200)	(100)	(300)	(772)	(1,072)
Profit for the year	–	6,257	–	6,257	1,425	7,682
Other comprehensive income for the year	–	246	–	246	79	325
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**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	**Notes**	**2013**	**2012**
Profit before tax		11,857	10,138
Income tax paid		(2,706)	(2,314)
Reversals of items with no effect on cash flows	27	(921)	(149)
Changes in working capital	28	(639)	38
Cash flows from operating activities		**7,591**	**7,713**
Acquisition of securities, net		(2,647)	(3,277)
Acquisition of intangible assets		(103)	(81)
Sale of property, plant and equipment		83	84
Acquisition of property, plant and equipment		(3,791)	(3,148)
Cash flows from investing activities		**(6,458)**	**(6,422)**
Dividend paid to shareholders		(300)	(300)
Dividend paid to non-controlling interests		(1,157)	(772)
New borrowings		652	–
Repayments of borrowings		(79)	(284)
Financing from other long-term liabilities		221	215
Cash flows from financing activities		**(663)**	**(1,141)**
Net cash flows for the year		**470**	**150**
Cash and cash equivalents at 1 January		1,181	1,031
Cash and cash equivalents at 31 December		**1,651**	**1,181**

NOTES CONTENTS

PART 3 Notes – The KIRKBI Group

PART 4 – 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 other non-current assets 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

(m DKK)	2013	2012
Raw materials and consumables	3,890	4,416
Employee expenses	4,310	3,845
Depreciation and amortisation	764	654
License and royalty expenses	1,602	1,506
Other external expenses	6,480	5,068
Total operating expenses from LEGO Group activities	**17,046**	**15,489**
Administration and trademark costs	233	170
Total operating expenses for the KIRKBI Group activities	**17,279**	**15,659**
Research and development costs charged during the year	**451**	**352**

NOTE 3. AUDITORS' FEES

(m DKK)	2013	2012
Fee to Deloitte:		
Statutory audit of the financial statements	1	–
Other assurance engagements	–	–
Tax assistance	–	–
Other services	–	–
	1	**–**
Fee to EY:		
Statutory audit of the financial statements	1	2
Other assurance engagements	–	–
Tax assistance	1	2
Other services	1	4
	3	**8**
Fee to PwC:		
Statutory audit of the financial statements	9	9
Other assurance engagements	4	1
Tax assistance	9	6
Other services	7	4
	29	**20**
Total auditors' fees	**33**	**28**

NOTE 4. EMPLOYEE EXPENSES

(m DKK)	2013	2012
Wages and salaries	4,001	3,596
Termination benefit and restructuring	54	5
Pension costs, defined benefit plans (note 20)	–	2
Pension costs, defined contribution plans	255	218
Other expenses and social security costs	225	196
	4,535	**4,017**
Average number of full-time employees	**11,956**	**10,598**
Executive Management and Board of Directors:		
Salaries and other remuneration	20	17
Short-term incentive plans	2	3
Long-term incentive plans	9	3
	31	**23**

Since the Executive Management only consists of one member, the remuneration of the Executive Mangagement and the Board of Directors is disclosed collectively with reference to § 98b(3) of the Danish Financial Statements.

Incentive plans comprise a short-term incentive plan based on yearly performance and a long-term incentive plan related to long-term goals regarding value creation.

NOTE 5. DEPRECIATION AND AMORTISATION

(m DKK)	2013	2012
Trademarks, patents and other intangible rights	30	12
Software	40	32
Property	113	99
Plant and equipment	496	408
Other fixtures, fittings, tools and equipment	174	140
	853	**691**

In 2013 the KIRKBI Group recognised an impairment loss on intangible assets of DKK 20 million (2012 DKK 0 million). The KIRKBI Group recognised an impairment loss on property, plant and equipment of DKK 12 million in 2013 (2012 DKK 29 million). The total impairment loss in 2013 is recognised at DKK 20 million in other operating activities and DKK 12 million in administration and trademark costs (2012 DKK 29 million in the operating profit from the LEGO Group).

NOTE 6. OPERATING PROFIT FROM INVESTMENT ACTIVITIES

(m DKK)	2013	2012
Net gain or loss on financial assets at fair value through profit and loss	705	732
Net income from Investment real estate (note 13)	164	204
Realised net gain or loss on financial assets	990	713
	1,859	**1,649**

NOTE 7. FINANCIAL INCOME

(m DKK)	2013	2012
Interest income from associates	10	–
Interest income from credit institutions measured at amortised cost	1	–
Other interest income	9	20
Exchange gain, net	15	6
	35	**26**

NOTE 8. FINANCIAL EXPENSES

(m DKK)	2013	2012
Interest expenses on mortgage loans measured at amortised cost	9	3
Interest expenses to associates	15	12
Interest expenses to credit institutions measured at amortised cost	8	1
Other interest expenses	2	8
Exchange loss, net	17	30
	51	**54**

NOTE 9. INCOME TAX EXPENSES

(m DKK)	2013	2012
Current tax on profit for the year	2,629	2,433
Deferred tax on profit for the year	81	53
Effect of change in tax rate	(77)	–
Other	9	(3)
Prior year adjustments	10	(27)
	2,652	**2,456**
Income tax expenses are specified as follows:		
Calculated 25 % tax on profit for the year before income tax	2,974	2,535
Tax effect of		
Higher/lower tax rate in subsidiaries	33	(19)
Non-taxable income	(409)	(132)
Non-deductible expenses	46	42
Effect of change in tax rate	(77)	–
Adjustment of tax relating to previous years	6	(30)
Other	79	60
	2,652	**2,456**
Effective tax rate	22.3 %	24.2 %

NOTE 10. INTANGIBLE ASSETS

2013 (m DKK)	**Goodwill, trademarks, patents and other intangible rights**	**Software**	**Deve-lopment projects**	**Total**
Cost at 1 January	2,045	414	37	2,496
Exchange adjustment to year-end rate	–	(2)	–	(2)
Additions	–	15	88	103
Disposals	–	(50)	–	(50)
Transfers	–	54	(54)	–
Cost at 31 December	**2,045**	**431**	**71**	**2,547**
Amortisation and impairment losses at 1 January	(126)	(310)	–	(436)
Amortisation for the year	(10)	(40)	–	(50)
Impairment losses for the year	(20)	–	–	(20)
Disposals	–	50	–	50
Amortisation and impairment losses at 31 December	**(156)**	**(300)**	**–**	**(456)**
Carrying amount at 31 December	**1,889**	**131**	**71**	**2,091**

2012 (m DKK)	**Goodwill, trademarks, patents and other intangible rights**	**Software**	**Deve-lopment 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**

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 2013 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 down as follows:

(m DKK)	**2013**	**2012**
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 % (2012 10 %).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2013 (m DKK)	**Property**	**Plant and equipment**	**Other fixtures, fittings, tools and equipment**	**Fixed assets under construction**	**Total**
Cost at 1 January	2,960	4,569	1,698	1,339	10,566
Exchange adjustment to year-end rate	(117)	(29)	(50)	(4)	(200)
Additions	421	772	293	2,136	3,622
Disposals	(208)	(208)	(75)	–	(491)
Transfers	341	242	44	(627)	–
Cost at 31 December	**3,397**	**5,346**	**1,910**	**2,844**	**13,497**
Depreciation and impairment losses at 1 January	(827)	(2,954)	(629)	–	(4,410)
Exchange adjustment to year-end rate	12	14	15	–	41
Depreciation for the year	(113)	(496)	(174)	–	(783)
Impairment losses for the year	–	–	–	–	–
Disposals	112	204	**71**	–	387
Depreciation and impairment losses at 31 December	**(816)**	**(3,232)**	**(717)**	**–**	**(4,765)**
Carrying amount at 31 December	**2,581**	**2,114**	**1,193**	**2,844**	**8,732**
Including assets held under finance leases	**22**	**–**	**–**	**–**	**22**

Proterty, plant and equipment in general

An obligation related to the purchase of property, plant and equipment of DKK 816 million exists at 31 December 2013 (DKK 388 million at 31 December 2012).

2012 (m DKK)	**Property**	**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**

NOTE 13. INVESTMENT REAL ESTATE

(m DKK)	2013	2012
Fair value at 1 January	2,832	2,183
Exchange adjustment to year-end rate	(41)	14
Additions, new real estates	–	289
Additions, improvement of existing real estate	169	275
Disposals	–	–
Fair value adjustment for the year, net	36	71
Fair value at 31 December	**2,996**	**2,832**
Rental income from investment properties	176	165
Fair value adjustment for the year, net	36	71
Direct expenses	(48)	(32)
Net income from Investment real estate	**164**	**204**

The fair value is assessed by the KIRKBI Group's real estate team at year-end on the basis of a discounted cash flow model. Valuations rely substantially on non-observable input and are based on cash flow estimates and on the required rate of return calculated for each property that reflects the price at which the property can be exchanged between knowledgeable, willing parties under current market conditions. The cash flow estimates are determined on the basis of the market rent for each property. The required rate of return on a property is determined on the basis of its location, type, possible uses, layout and condition as well as on the terms of lease agreements, rent adjustment and the credit quality of lessees.

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

(m DKK)	2013	2012
Yields (%)	4.0 % – 9.0 %	3.8 % – 9.0 %
Inflation rate (%)	-0.2 % – 2.5 %	-0.7 % – 3.3 %
Long-term vacancy rate	9.5 %	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 plc is defined as long-term strategic investment and is classified in the balance sheet as Other non-current assets.

(m DKK)	2013	2012
Cost at 1 January	3,125	3,128
Disposals	(462)	(3)
Cost at 31 December	**2,663**	**3,125**
Value adjustment at 1 January	(329)	(585)
Disposals	(68)	–
Share of profit	430	270
Share of comprehensive income	(87)	(14)
Dilution gain	574	–
Value adjustment at 31 December	**520**	**(329)**
Carrying amount at 31 December	**3,183**	**2,796**

General information on associates

Company name	**Merlin Entertainments plc**
Country	UK
Ownership / Votes	29.9 %
Functional currency	GBP

Merlin Entertainments plc is listed on the London Stock Exchange. The investment has a carrying amount at 31 December 2013 of DKK 2,670 million and a market value of DKK 9,661 million.

Financial information of associates (m DKK)	Merlin Entertainments plc	Other	2013	2012
Revenue	10,433	55	10,488	9,982
Profit for the year	1,256	-33	1,223	738
KIRKBI Group's share of profit for the year	**463**	**-33**	**430**	**270**
Total assets	24,100			
Total equity	8,384			
KIRKBI Group's share of equity	**2,506**			

NOTE 15. INVENTORIES

(m DKK)	2013	2012
Raw materials and components	133	136
Work in progress	746	600
Finished goods	945	969
Farming inventories	28	25
	1,852	**1,730**
Cost of sales recognised in operating profit from the LEGO Group	**5,327**	**4,222**
including write-down of inventories to net realisable value	**(12)**	**(27)**

NOTE 16. TRADE RECEIVABLES

(m DKK)	2013	2012
Trade receivables (gross)	4,922	5,009
Provisions for bad debts:		
Balance at the beginning of the year	(52)	(139)
Change in provisions for the year	(1)	69
Realised losses for the year	5	18
Balance at the end of the year	**(48)**	**(52)**
Trade receivables (net)	**4,874**	**4,957**

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)	2013	2012
Not overdue	4,514	4,360
0 – 60 days overdue	355	601
61 – 120 days overdue	9	7
121 – 180 days overdue	3	9
More than 180 days overdue	41	32
	4,922	**5,009**

76 % of total trade receivables are covered by insurance (76 % in 2012) and therefore this part of the credit risk is reduced to the risk relating to the insurance companies concerned. DKK 1,161 million (DKK 1,180 million in 2012) corresponding to 24 % of trade receivables (24 % in 2012) are 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	97 %	85 %	52 %	74 %	
% of investments rated	96 % AAA ratings	53 % investment grade	n/a	n/a	
Carrying amount at 31 December 2013	**2,790**	**5,232**	**8,002**	**4,293**	**20,317**
Carrying amount at 31 December 2012	**3,855**	**3,186**	**5,912**	**3,643**	**16,596**

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 2012	2,168
Total gains and losses recognised in profit and loss	274
Sales	(134)
Purchases	1,335
Carrying amount 31 December 2012	**3,643**
Total gains and losses recognised in profit and loss	627
Sales	(521)
Purchases	544
Carrying amount 31 December 2013	**4,293**

Financial instruments which are priced using non-observable input include private placement in equity and Private Equity fonds. Valuation is based on IPEV (International Private Equity and Venture Capital Valuation Guidelines) valuations guidelines, which set out the principles for determining the price for which independent parties would trade the shares.

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

NOTE 18. SHARE CAPITAL

The share capital consists of (m DKK):

1	A share of DKK 1,000 or multiples thereof
199	B shares of DKK 1,000 or multiples thereof
200	**Total shares at 31 December 2013**

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 (2012 DKK 1.50).

Within the last 5 years, there have been no changes in the share capital.

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)	2013	2012
Deferred tax, net at 1 January	(402)	(364)
Exchange adjustment to year-end rate	(3)	2
Income statement charge	(187)	(53)
Effect of change in tax rate	77	–
Charged to other comprehensive income	(16)	13
Other	3	–
Deferred tax, net at 31 December	**(528)**	**(402)**
Classified as:		
Deferred tax assets	140	133
Deferred tax liabilities	(668)	(535)
	(528)	**(402)**

2013 (m DKK)	Deferred tax asset	Deferred tax liability	Deferred tax net
Non-current assets	65	(591)	(526)
Receivables	3	(1)	2
Inventories	156	(152)	4
Provisions	96	–	96
Other liabilities	67	(43)	24
Other	11	(157)	(146)
Offset	(276)	276	–
Tax loss carry-forwards	18	–	18
	140	**(668)**	**(528)**

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)**

Tax loss carry-forwards

Tax assets relating to tax loss carry-forwards are capitalised based on an assessment of whether they can be utilised in the future. DKK 18 million of the KIRKBI Group's capitalised tax losses expires after 5 year (DKK 2 million in 2012 expires after 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 251 million (DKK 214 million in 2012) has 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 57 million (DKK 48 million in 2012) 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 0 million (DKK 2 million in 2012) was recognised in the income statement and DKK 1 million (DKK 0 million in 2012) has been recognised in other comprehensive income. All defined benefit plans relate to the LEGO Group, and no new employees will be included in the defined benefit plans.

(m DKK)	2013	2012
The amounts recognised in the balance sheet are calculated as follows:		
Present value of funded obligations	(124)	(124)
Fair value of plan assets	115	118
	(9)	**(6)**
Present value of unfunded obligations	(48)	(42)
Net liability recognised in the balance sheet	**(57)**	**(48)**
Of which included as part of the liabilities	(57)	(54)
Of which included as part of the assets	–	6

(m DKK)	2013	2012
Discount rate	3 % – 5 %	2 % – 5 %
Future salary increases	2 % – 4 %	2 % – 4 %
Future pension increases	2 % – 4 %	2 % – 3 %

(m DKK)	2013	2012
Present value of defined benefit obligations	(172)	(166)
Fair value of plan assets	115	118
	(57)	**(48)**

NOTE 21. OTHER LIABILITIES

(m DKK)	2013	2012
Liabilities related to wages and other charges	1,103	1,097
Liabilities related to renewables	422	202
Other current liabilities	2,126	2,047
	3,651	**3,346**
Specified as follows:		
Non-current	506	285
Current	3,145	3,061
	3,651	**3,346**

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)	2013	2012
Obligations regarding finance leases are as follows:		
0 – 1 year	9	11
1 – 5 years	24	26
> 5 years	10	16
	43	**53**
Reconciliation of carrying amount:		
Carrying amount of the liability	31	36
Interest expenses not yet accrued	12	17
	43	**53**

NOTE 22. PROVISIONS

2013

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	7	132	139
Additions	71	109	180
Used	(14)	(60)	(74)
Reversed	(9)	(34)	(43)
Provisions at 31 December	**55**	**147**	**202**
Specified as follows:			
Non-current			90
Current			112
			202

2012

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	37	75	112
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

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 2014-2015.

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	2013	2012
Remaining obligations in investment projects	2,465	1,992
Guarantees	320	66
Operating lease obligations	1,947	1,707
Other obligations	3,415	3,530
	8,147	**7,295**

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:	421	392
Future minimum lease payments under non-cancellable operating leases are specified as follows:	**2013**	**2012**
0 – 1 year	392	330
1 – 5 years	985	870
> 5 years	570	507
	1,947	**1,707**

Security has been given in land, buildings and installations at a net carrying amount of DKK 2,420 million (DKK 1,276 million in 2012) 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 risks 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 risks 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 plc 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.

Foreign exchange risk
The foreign exchange risk for the KIRKBI Group is mostly related to net inflows in the LEGO Group and investments denominated 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 not effect the income statement of the KIRKBI Group significantly but reduce equity by DKK 200 million. A negative 10 % change in the USD currency would maximum effect the income statement by DKK 350 million and reduce equity by DKK 200 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 2013 would have had a negative impact on the KIRKBI Group's profit before tax of approximately DKK 75 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.

NOTES – KIRKBI GROUP PART 3

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 2013				CASH FLOWS 2012		
(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	1,578	363	291	1,351	1,481	805	86	701
Payables to associates	210	210	–	–	207	207	–	–
Trade payables	2,289	2,289	–	–	2,158	2,158	–	–
Other liabilities	3,651	3,195	446	10	3,346	3,321	26	16
	7,728	**6,057**	**737**	**1,361**	**7,192**	**6,491**	**112**	**717**
Derivative financial instruments								
Measured at fair value through profit and loss	19	19	–	–	17	17	–	–
Measured at fair value through other comprehensive income	30	21	9	–	24	24	–	–
	49	**40**	**9**	**–**	**41**	**41**	**–**	**–**
Total financial liabilities	**7,777**	**6,097**	**746**	**1,361**	**7,233**	**6,532**	**112**	**717**

The fair value of the fixed interest rate borrowings is based on the quoted prices for the underlying issued mortgages bonds.

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.

				2013				2012
(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	1,741	97	4	17 mos.	2,002	36	12	18 mos.
Other	1,832	58	26	11-17 mos.	2,399	40	12	11–18 mos.
Total forward contracts	**3,573**	**155**	**30**		**4,401**	**76**	**24**	
USD	–	–	–	–	506	–	–	3 mos.
Total currency options	**–**	**–**	**–**		**506**	**–**	**–**	
Hedging of balance items qualifying for hedge accounting								
USD	1,320	79	9	2 mos.	763	10	5	2 mos.
Other	1,138	29	9	2 mos.	791	8	10	2 mos.
Total forward contracts	**2,458**	**108**	**18**		**1,554**	**18**	**15**	
Total cash flow hedges for which hedge accounting is applied	**6,031**	**263**	**48**		**6,461**	**94**	**39**	
Total cash flow hedges for which hedge accounting is not applied	18	–	1	24 mos.	**10**	5	**2**	3–24 mos.
Total of forecast transactions	**6,049**	**263**	**49**		**6,471**	**99**	**41**	

The fair value of the derivatives is based on prices from the counterparties.

NOTE 27. REVERSALS OF ITEMS WITH NO EFFECT ON CASH FLOWS

(m DKK)	2013	2012
Depreciation, amortisation and impairment	838	599
Revaluation of securities	(838)	(503)
Net movements in provisions	66	11
Net income from associates	(987)	(256)
	(921)	**(149)**

NOTE 28. CHANGES IN WORKING CAPITAL

(m DKK)	2013	2012
Inventories	(122)	(164)
Trade and other receivables	(259)	(935)
Trade and other payables	(258)	1,137
	(639)	**38**

NOTE 29. RELATED PARTY TRANSACTIONS

KIRKBI A/S' related parties comprise Kjeld Kirk Kristiansen, Sofie Kirk Kiær Kristiansen, Thomas Kirk Kristiansen, Agnete Kirk Thinggaard, 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 million (2012 DKK 9 million).

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

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

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 2013 and until adoption at the annual report, no events have occurred that could have significant effect on the annual report for 2013.

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 reporting large class C enterprices.

EFFECTS OF NEW AND AMENDED ACCOUNTING STANDARDS

All new and amended standards and interpretations issued by IASB and endorsed by the EU effective as of 1 January 2013 have been adopted by the KIRKBI Group. The application of the new IFRS has not had a material impact on the Consolidated Financial Statements in 2013 and we do not anticipate any significant impact on future periods from the adoption of these new IFRS.

The adoption of IAS 19R Employee Benefits has only an immaterial impact on each previous financial year, hence the KIRKBI Group has fully adopted the amendment in 2013 without restating previous years' comparative figures and disclosures.

The following standards which are not yet effective and have not yet been endorsed by the EU are relevant for the KIRKBI Group:

- IFRS 9, Financial instruments. IASB has not yet set an effective date for the new stardard.
- Annual improvements 2010-2012 cycle and Annual improvements 2011-2013 cycle. The amendments are effective for financial years beginning on or after 1 July 2014.

It is management's assessment that the above mentioned changes in accounting standards and interprerations will not have any significant impact on the consolidated financial statements upon adoption of these standards however management have decided to implement the amend to IAS 36 regarding disclosure of the recoverable amount of cash generation units for which the carrying amount of intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount intangible assets with indefinite useful lives.

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 fair value 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 entities in which the group has significant influence is allocated to either strategic or investment portfolio.

Strategic portfolio
Entities which are allocated to the strategic portfolio is accounted for using the equity method. 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 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.

Investment portfolio
Entities which are allocated to the investment portfolio are managed and evaluated on a fair value basis in accordance with the KIRKBI Group's investment strategy. The investment portfolio are therefore designated at fair value through profit or loss and accounted for in accordance with IAS 39. The fair value is based on internationally accepted valuation models for private equity.

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 other comprehensive income 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. 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)
LEGO Turkey Oyuncak Tiearet Anonim Sirketi

Americas
LEGO do Brazil Ltda.
LEGO do Brasil Comercio e Distribuicão de Brinquedos 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 (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)
LEGO India Private Limited
LEGO Trading Sdn. Bhd (Malaysia)
LEGO Toy Manufacturing Co., Ltd. (Jiaxing)

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 Offshore Windpark A/S Gmbh & Co. OHG, 50 % (Germany)

Associates
Merlin Entertainments plc, 29.9 % (UK)
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)
Axcel IKU Invest A/S, 33.3 % (Denmark)

INTERLEGO AG (Switzerland)

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

CONTENTS

PART 4 – Parent Company

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

(m DKK)	Note	2013	2012
Dividend from investments in subsidiaries		3,375	2,250
Other net income		35	37
Administration costs	2	(80)	(49)
Operating profit		**3,330**	**2,238**
Financial income	3	86	77
Financial expenses	4	(15)	(21)
Profit before tax		**3,401**	**2,294**
Tax on profit for the year	5	(13)	(15)
Profit for the year		**3,388**	**2,279**
Statement of comprehensive income			
Profit for the year		3,388	2,279
Other comprehensive income after tax		6	(3)
Total comprehensive income		**3,394**	**2,276**
Proposed distribution			
Dividend		200	200
Transferred to retained comprehensive income		3,194	2,076
		3,394	**2,276**

BALANCE SHEET AT 31 DECEMBER

(m DKK)	Note	2013	2012
ASSETS			
Non-current assets			
Property		351	61
Other fixtures, fittings, tools and equipment		4	4
Fixed assets under construction		7	280
Property, plant and equipment	6	**362**	**345**
Investments in subsidiaries		17,442	14,890
Investments in associates		–	2,552
Receivables from associates		503	542
Other non-current assets	7	**17,945**	**17,984**
Total non-current assets		**18,307**	**18,329**
Current assets			
Receivables from subsidiaries		9,349	6,356
Current tax receivables		544	417
Other receivables		2	11
Cash		34	6
Total current assets		**9,929**	**6,790**
TOTAL ASSETS		**28,236**	**25,119**

BALANCE SHEET AT 31 DECEMBER

(m DKK)	Note	2013	2012
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200	200
Retained comprehensive income		26,930	23,836
Proposed dividend		200	200
Total equity		**27,330**	**24,236**
LIABILITIES			
Non-current liabilities			
Borrowings	8	197	117
Deferred tax liabilities	9	1	1
Other long-term liabilities	8	11	6
Total non-current liabilities		**209**	**124**
Current liabilities			
Borrowings	8	7	2
Payables to subsidiaries		614	662
Trade payables		2	32
Other short-term liabilities		74	63
Total current liabilities		**697**	**759**
Total liabilities		**906**	**883**
TOTAL EQUITY AND LIABILITIES		**28,236**	**25,119**
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 2013	**200**	**23,836**	**200**	**24,236**
Dividend	–	(300)	(200)	(500)
Profit for the year	–	3,388	–	3,388
Other comprehensive income for the year		6	–	6
Proposed dividend	–	–	200	200
Equity at 31 December 2013	**200**	**26,930**	**200**	**27,330**
Equity at 1 January 2012	**200**	**21,960**	**100**	**22,260**
Dividend	–	(200)	(100)	(300)
Profit for the year	–	2,079	–	2,079
Other comprehensive income for the year		(3)		(3)
Proposed dividend	–	–	200	200
Equity at 31 December 2012	**200**	**23,836**	**200**	**24,236**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	Note	2013	2012
Operating profit		3,330	2,238
Interest received		86	77
Interest paid		(15)	(21)
Income tax (paid)/received		(13)	(16)
Reversals of items with no effect on cash flows		16	1
Changes in working capital		(3,178)	(1,713)
Cash flows from operating activities		**226**	**566**
Purchases of property, plant and equipment		(29)	(206)
Investment in other non-current assets		41	(57)
Cash flows from investing activities		**12**	**(263)**
Dividend paid to shareholders		(300)	(300)
New borrowings		144	–
Repayments of borrowings		(54)	(2)
Cash flows from financing activities		**(210)**	**(302)**
Net cash flows		**28**	**1**
Cash at 1 January		6	5
Cash at 31 December		**34**	**6**

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 reporting class B enterprices.

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.

Group reorganisations
When ownership of subsidiaries or associates are moved intra group the pooling-of-interests method is applied.

Under the pooling-of-interests method the transaction is treated as if the acquirer had acquired the shares when the group original acquired the shares. As such, the comparative period is restated to reflect that fact.

NOTE 2. EMPLOYEE EXPENSES

(m DKK)	2013	2012
Wages and salaries	85	59
Pension costs	1	1
Other expenses and social security costs	1	1
	87	**61**
Including fee to Executive Management and Board of Directors:	**29**	**20**
Number of employees	**41**	**38**

Since the Executive Management only consists of one member, the remuneration of the Executive Management and the Board of Directors is disclosed collectively with reference to § 98b (3) of the Danish Financial Statements.

Incentive plans comprise a short-term incentive plan based on yearly performance and a long-term incentive plan related to long-term goals regarding value creation.

NOTE 3. FINANCIAL INCOME

(m DKK)	2013	2012
Interest from subsidiaries	52	51
Income from other investments and securities	24	25
Other interest and exchange gains	10	1
	86	**77**

NOTE 4. FINANCIAL EXPENSES

(m DKK)	2013	2012
Interest to subsidiaries	10	11
Other interest and exchange losses	5	10
	15	**21**

NOTE 5. TAX ON PROFIT FOR THE YEAR

(m DKK)	2013	2012
Current tax on profit for the year	10	12
Changes in deferred tax	–	(1)
Adjustment of tax relating to previous years, current tax	3	4
	13	**15**
Income tax expenses are specified as follows:		
Calculated 25 % tax on profit for the year before income tax	850	574
Non-taxable income	(843)	(563)
Non-deductable costs	1	–
Change in valuation of deferred tax	2	–
Adjustment of tax relating to previous years	3	4
	13	**15**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

2013 (m DKK)	Property	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	181	6	280	467
Additions	23	–	6	29
Transfer	279	–	(279)	–
Cost at 31 December	**483**	**6**	**7**	**496**
Depreciation and impairment losses at 1 January	120	2	–	122
Depreciation for the year	12	–	–	12
Depreciation and impairment losses at 31 December	**132**	**2**	**–**	**134**
Carrying amount at 31 December	**351**	**4**	**7**	**362**

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
Disposals	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**

NOTE 7. OTHER NON-CURRENT ASSETS

2013 (m DKK)	Investments in subsidiaries	Investments in associates	Receivables from associates
Cost at 1 January	14,890	2,552	542
Exchange adjustments	–	–	2
Additions	2,552	–	–
Disposals	–	(2,552)	(41)
Cost at 31 December	**17,442**	**–**	**503**

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**

Subsidiaries (m DKK)	Domicile	Currency	Nominal capital	Ownership/ Votes
LEGO A/S	Denmark	DKK	20,000,000	75 %
KIRKBI Invest A/S	Denmark	DKK	120,000,000	100 %
INTERLEGO AG	Switzerland	CHF	67,000,000	100 %

NOTE 8. NON–CURRENT LIABILITIES

(m DKK)	Total debt	Due within 1 year	Due between 2 and 5 years
Borrowings	204	7	32
Other long-term liabilities	11	–	11
	215	**7**	**43**

NOTE 9. DEFERRED TAX

(m DKK)	2013	2012
Deferred tax, net at 1 January	1	2
Change in deferred tax	–	(1)
Provision for deferred tax, net at 31 December	**1**	**1**
Classified as:		
Deferred tax liabilities	1	1
	1	**1**

NOTE 10. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

(m DKK)	2013	2012
Remaining obligations in investment projects	-	39
Guarantees for group enterprises' balances with credit institutions	262	1,161
Liabilities operational lease agreements	3	4
Other liabilities	205	119
	470	**1,323**

Security has been given in land, buildings and installations at a net carrying amount of DKK 215 million (DKK 11 million in 2012) for the company's mortgage loans.

The Parent Company is the KIRKBI Group's administration 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, 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 DKK 1 million (2012 DKK 1 million).

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 the Board of Directors and the Executive Management see note 2.

Transactions with subsidiaries and associates have included the following:

(m DKK)	**2013**	**2012**
Financial income	75	78
Rental income	42	28
Sale of services	59	60
Financial expenses	(10)	(11)
Rental expenses	(2)	(2)
Purchase of services	(13)	(12)
	151	**141**

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

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