ANNUAL REPORT 2015

Koldingvej 2
DK–7190 Billund
CVR-no. 18591235

TABLE OF CONTENTS

KIRKBI – A FAMILY-OWNED COMPANY

KIRKBI – A FAMILY-OWNED COMPANY

KIRK KRISTIANSEN FAMILY

100 % OWNERSHIP

KIRKBI GROUP

2015 KEY FIGURES

14,241
FULL-TIME EMPLOYEES

12.1 (bn DKK)
CASH FLOW FROM OPERATION

13.4 (bn DKK)
PROFIT FOR THE YEAR

60.8 (bn DKK)
EQUITY

Strategic activities

75 % THE LEGO GROUP

Revenue	35.8 bn DKK
Profit for the year	9.2 bn DKK
Investments	2.9 bn DKK
Employees (FTE)	13,974

Founded by Ole Kirk Kristiansen in 1932. Based on the LEGO® brick, the company provides unique play experiences for children

29.9 % MERLIN ENTERTAINMENTS PLC

Revenue	13.0 bn DKK
Profit for the year	1.7 bn DKK
Investments	2.2 bn DKK
Employees (FTE)	18,821

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

31.5 % BORKUM RIFFGRUND 1

Wind turbines	78
Wind turbine, size	3.6 MW
Investment	2.8 bn DKK

The purpose of renewable investments is to support the LEGO Group's goal to generate enough renewable energy to meet 100 % of its energy needs by 2020. Borkum Riffgrund 1 was commisioned during 2015

100 % LEGO® AND LEGOLAND® TRADEMARKS

Royalty	1.4 bn DKK

The LEGO® and LEGOLAND® trademarks

Investment activities

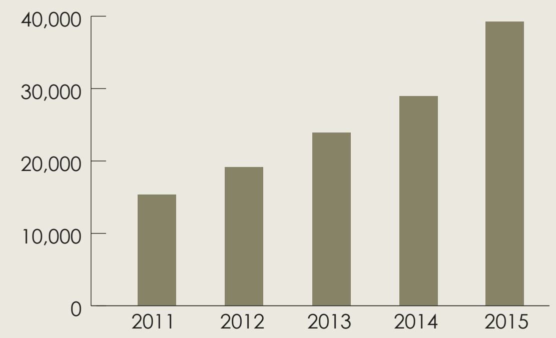
LIQUID INVESTMENTS

- Bonds and corporate debt
- Quoted equities

LONG TERM INVESTMENTS

- Long-term equity
- Real Estate
- Private Equity
- Alternatives

INVESTMENT PORTFOLIO (m DKK)



FINANCIAL HIGH-LIGHTS

KIRKBI Group

(m DKK)	2015	2014	2013	2012	2011
Income statement:					
Operating profit from strategic activities	14,041	11,020	10,317	8,677	6,453
Operating profit from investment activities	3,307	3,373	1,789	1,659	106
Total operating profit	16,997	14,101	11,873	10,166	6,425
Profit for the year	13,396	10,818	9,205	7,682	4,880
Balance sheet:					
Total assets	75,463	59,851	48,108	40,103	32,052
Equity	56,295	45,218	36,610	29,607	23,416
Non-controlling interests	4,460	3,206	2,767	2,491	1,763
Liabilities	14,708	11,427	8,731	8,005	6,873
Cash flow statement:					
Cash flows from operating activities	12,076	10,163	7,591	7,713	4,739
Investment in property, plant and equipment	(4,473)	(6,803)	(3,708)	(3,064)	(1,344)
Investment in intangible assets	(126)	(59)	(103)	(81)	(129)
Employees:					
Average number (full-time)	14,241	12,781	11,956	10,598	9,542
Financial ratios (in %):					
Equity ratio	80.5 %	80.9 %	81.9 %	80.0 %	78.5 %
Return on equity	21.9 %	22.1 %	23.1 %	23.6 %	17.7 %

Financial ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2015", issued by the Danish Society of Financial Analysts.

Parentheses denote negative figures.

2015 AT A GLANCE

In 2015, high performance in the majority of the KIRKBI Group's activities has turned the year into another year with outstanding financial performance. The LEGO Group has continued an impressive trajectory of more than 10 years double-digit consumer sales growth and Merlin Entertainments plc had a more challenging year, but achieved growth in both number of visitors and number of attractions. Also the financial markets continued the positive development from 2014, which together with strong portfolio management, lead to a satisfactory result from KIRKBI's investment activities.

Profit for the year for the KIRKBI Group amounted to DKK 13.4 billion compared to DKK 10.8 billion last year.

The LEGO Group increased revenue by 25 % and all regions experienced double digit sales growth. To support the growth, the LEGO Group continued its extensive investments into increased production capacity and had a significant intake of new colleagues.

At Merlin Entertainments plc the accident at Alton Towers in June laid a shadow over the year and reminded all of us that safety has the highest priority at all times. Our thoughts remain with those injured.

Looking at the future, in KIRKBI we are excited to follow the three new LEGOLAND® parks, which are under development. The parks are scheduled to open in 2016 (Dubai), 2017 (Japan) and 2018 (Korea) and further options for additional parks are pursued.

The offshore wind farm, Borkum Riffgrund 1, which KIRKBI has invested in to support the LEGO Group towards balancing its global energy consumption with renewable energy capacity by 2020 and beyond, was officially opened in 2015. Borkum Riffgrund 1 was the first investment for KIRKBI into Renewables and this continues to be a strategic focus area for the KIRKBI Group.

On 10 February 2016, KIRKBI entered into an agreement to acquire 25 % of the 258 MW UK offshore wind farm project Burbo Bank Extension. Burbo Bank Extension will be constructed by DONG Energy and the project is expected to be fully commissioned in the first half of 2017. The wind farm will consist of 32 turbines and will be able to supply CO_2-free power equivalent to the annual electricity consumption of more than 230,000 households.

The investment activities delivered a net gain of DKK 3.3 billion against DKK 3.4 billion in 2014 driven by good performance in all asset classes, with especially strong performance in Long-term equity, Private equity and Real estate. In January 2015 KIRKBI AG was acquired and consolidated into the KIRKBI Group to simplify the ownership structure.

Within the Long-term equity portfolio, further investments into ISS A/S were made and ownership was increased to above 10 %.

In Investment real estate we acquired two office buildings within the city center in Munich.

Overall, 2015 was another remarkable year with highly satisfactory financial performance. The KIRKBI Group has the necessary strengh to support the continued growth of the LEGO Group and allowing us to target larger attractive investment opportunities within our strategy, especially within Long-term equity and Real estate and at the same time continue to create positive impact through responsible ownership and investments.

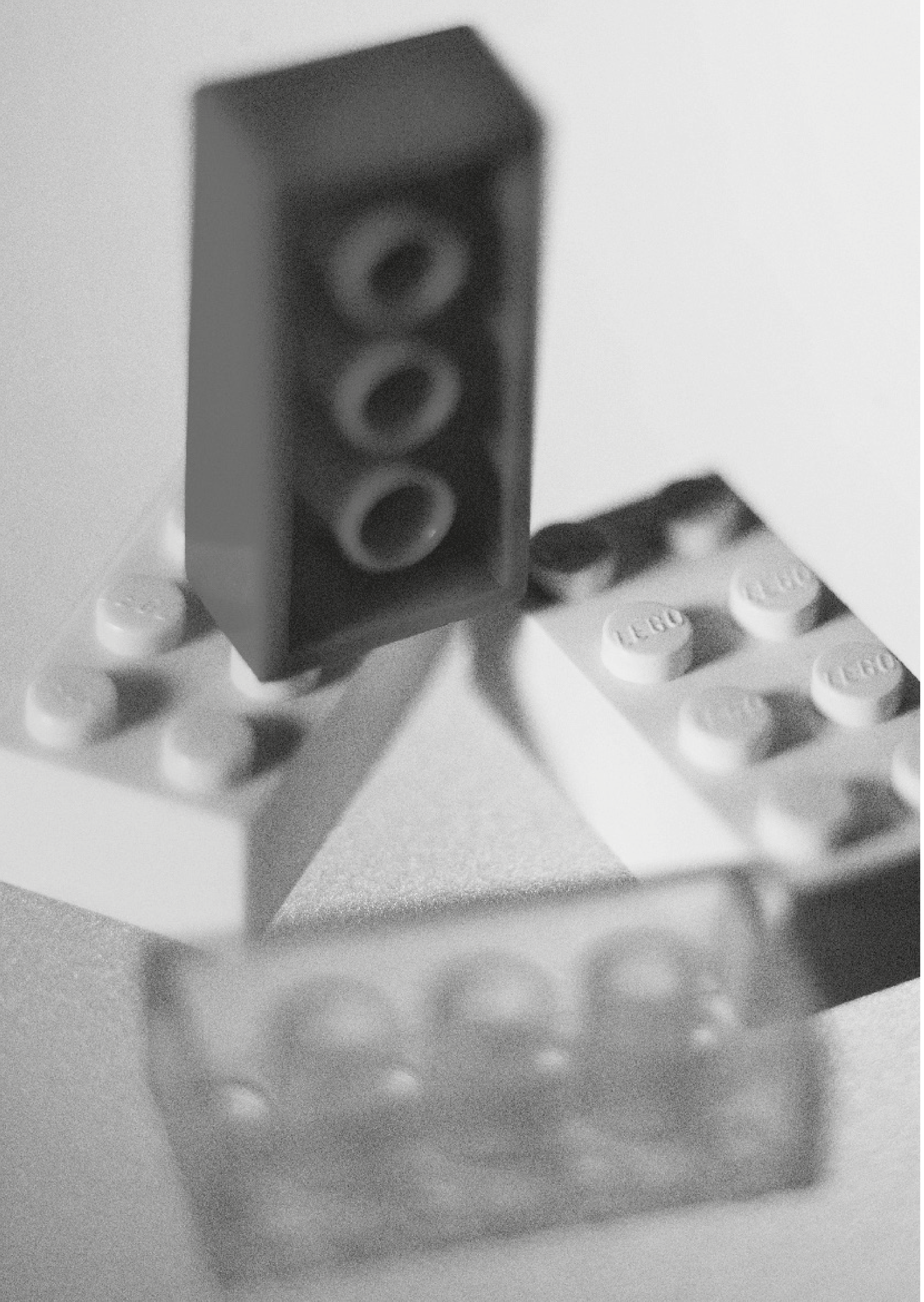
During 2015, we have firmed up the strategy for KIRKBI. The overall aspiration is to enable the Kirk Kristiansen family to succeed with the mission to inspire and develop the builders of tomorrow through generations and to create a positive impact through responsible ownership and investments.

Ole Kirk Christiansen founded the LEGO company on the values that were important to him, which have been passed on to the following generations. These core values are fundamental to all of our activities: Imagination – Creativity – Fun – Learning – Caring – Quality.

The strong performance in the Group is built on the highly motivated and engaged efforts of the many employees. We would like to thank all employees for their effort and look forward to an interesting year in 2016.

Søren Thorup Sørensen
CEO

Kjeld Kirk Kristiansen
Chairman of the Board



GROUP INFORMATION AND STRUCTURE

Parent Company
KIRKBI A/S
Koldingvej 2
DK – 7190 Billund
Company registration number:
18591235
Tel: + 45 75 33 88 33
Fax: + 45 75 33 89 44

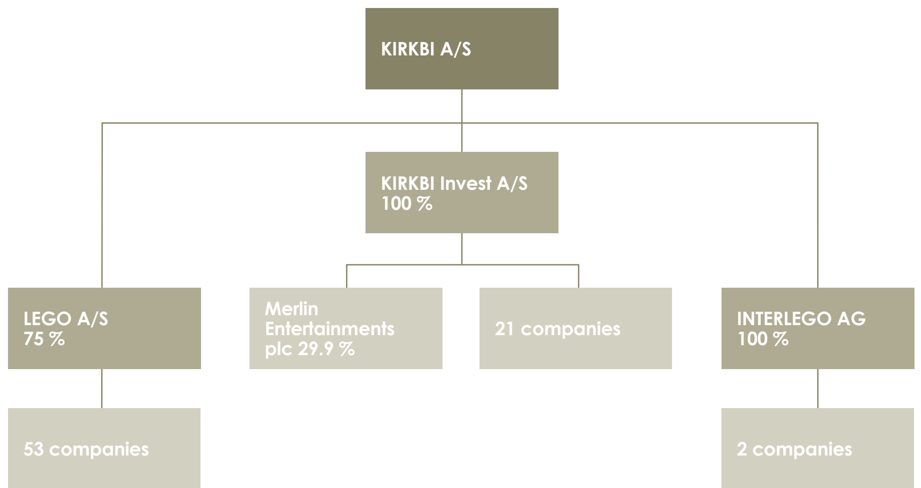
Website: www.kirkbi.com
E-mail: kirkbi@kirkbi.dk

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

Executive Management
Søren Thorup Sørensen

Auditors
Deloitte

MAIN GROUP STRUCTURE



(for a detailed group structure please refer to note 34)

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 actitivies owns the LEGOLAND® parks and LEGOLAND Discovery Centres.

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

The strategic activities include ownership of the LEGO trademarks, 75 % ownership of the LEGO Group, 29.9 % ownership of Merlin Entertain-ments plc which among other activities owns LEGOLAND® Parks and LEGOLAND Discovery Centers, and investments in renewable energy in order to support the LEGO Group towards balancing its global energy consumption with renewable energy capacity by 2020.

The investment activities include significant long-term investments in companies such as Falck A/S, Minimax Viking GmbH, ISS A/S and Matas A/S as well as real estate investments in Denmark, UK, Germany and Switzerland. In addition to this, the KIRKBI Group manages a portfolio of fixed income instruments, quoted equities and private equity funds.

KIRKBI has a long-term investment profile and wants to act as a professional and responsible investor with a high ethical standard.

FAMILY OWNERSHIP THROUGH GENERATIONS

The LEGO story began in Denmark back in 1932. Ole Kirk Kristiansen started making wooden toys in his workshop in Billund and from 1934 he sold them as LEGO toys.

Today, his grandson Kjeld Kirk Kristiansen (third generation) owns the LEGO Group together with his three children, Sofie Kirk Kristiansen, Thomas Kirk Kristiansen and Agnete Kirk Thinggaard (fourth generation) through KIRKBI A/S.

THE ESSENCE OF THE LEGO IDEA PUT INTO WRITING

The Kirk Kristiansen family decided in 2015 to create a short document, which emphasizes what the family sees as the foundation for their enterprises. The document is titled the LEGO Idea Paper.

Although the fundamental belief described in the LEGO Idea Paper is already an integrated part of the legacy and the culture across the Kirk Kristiansen family enterprises, it is as important to the family in 2015 as it was in the 1930ties. The document underlines the importance and commitment across generations, across enterprises, among employees across countries and cultures, ultimately ensuring a continued strong family ownership of the Kirk Kristiansen family enterprises.

In KIRKBI, the LEGO Idea Paper has played a central role in the company's strategy update process during 2015. The point of departure for the future KIRKBI journey is in many ways given by the LEGO Idea Paper. However, the question of how to translate the family's shared mission and values into a meaningful direction to KIRKBI initiated a thorough review of our own mission and aspiration. The result of this work we believe is a very powerful and simple tool, which we call the KIRKBI Fundamentals.

The KIRKBI Fundamentals will serve as a compass on our journey. We share the same values as the LEGO Group and the LEGO Foundation. Our Aspiration, however is to enable the Kirk Kristiansen family to succeed with the mission through generations and to create a positive impact through responsible ownership and investments.

Kjeld and Camilla Kirk Kristiansen with their three children Sofie Kirk Kristiansen, Thomas Kirk Kristiansen and Agnete Kirk Thinggaard

"We believe that children's natural approach to learning is fundamental for them to become the best possible builders of our common future. Therefore we as a family want our enterprises: To inspire and develop the builders of tomorrow".

Quote from the LEGO Idea Paper written by the Kirk Kristiansen family

THE KIRKBI FUNDAMENTALS

MISSION	Inspire and develop the builders of tomorrow		
ASPIRATION	Enable the Kirk Kristiansen family to succeed with the mission through generations and to create a positive impact through responsible ownership and investments		
PROMISES	**People Promise** Succeed together	**Partner Promise** Mutual value creation	**Planet Promise** Positive impact
SPIRIT	Only the best is good enough — always strive to do better		
VALUES	Imagination — Creativity — Fun — Learning — Caring — Quality		

ANNUAL REVIEW

INCOME STATEMENT

The KIRKBI Group's profit after tax for 2015 amounted to DKK 13,396 million against DKK 10,818 million in 2014. The profit after non-controlling interests for 2015 were DKK 11,104 million compared with DKK 9,062 million for 2014.

The profit for the year is considered highly satisfactory and exeeded the expectation disclosed in the financial statements for 2014.

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

BALANCE SHEET

At the end of the year, the total assets amounted to DKK 75.5 billion against DKK 59.9 billion in 2014. The increase is primarily due to investments in operating assets in the LEGO Group, offshore wind farm and investment-related securities. The equity ratio was 80.5 % against 80.9 % in 2014.

CASH FLOWS

In 2015, cash flows from operating activities were DKK 12,076 million against DKK 10,163 million in 2014. Cash flows from investing activities were DKK -11,920 million against DKK -9,848 million in 2014.

DEVELOPMENT IN THE KIRKBI GROUP'S ACTIVITIES AND FINANCIAL POSITION

The highly satisfactory results for the year are due to the continued strong performance for the LEGO Group combined with continued high results from the investment activities.

In 2015, the LEGO Group had yet another successful year and the results are considered highly satisfactory. The company's net revenue increased by 25 % to DKK 35.8 billion impacted by strong consumer sales and positively impacted by foreign exchange development. Earnings also improved significantly as Net profit was DKK 9,174 million against DKK 7,025 million in 2014.

Merlin Entertainments also improved net revenue and net profit before tax compared to 2014. Net revenue increased by 2 % to GBP 1,278 million and the profit for the year increased by 5 % to GBP 170 million.

The offshore windfarm Borkum Riffgrund 1 was officially opened during 2015. The park is still in the test phase and KIRKBI will enter into the operation during the summer of 2016. KIRKBI's income statement is consequently not effected by the operation in 2015.

Increased revenue in the LEGO Group and in Merlin Entertainments also lead to increased royalty income for the KIRKBI Group, where royalty increased to DKK 1,392 million in 2015 compared to DKK 1,089 million in 2014.

The investment activities yielded a satisfactory return of DKK 3,307 million compared to DKK 3,373 million in 2014. This result is driven by positive results from all asset classes, although with high returns from Long-term equities, Real estate and Private equity.

KIRKBI aquired KIRKBI AG, Switzerland as from 1 January 2015. KIRKBI AG is an investment company focusing on investing in Swiss activities. KIRKBI AG is consolidated into the investment activities with effect from 1 January 2015.

During the year, the investment portfolio increased by around DKK 10 billion, to DKK 39 billion, impacted by cash inflow from the LEGO Group, financial return and the acquisition of KIRKBI AG.

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 2015, the average number of full-time employees was 14,241 against 12,781 in 2014. These numbers are exclusive of the employees in Merlin Entertainments. More than 98 % of the employees work in the LEGO Group.

All employees of the LEGO Group and KIRKBI 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

The global financial markets have had a challenging start to 2016.

The investment activities will be impacted by the development in the global economy in 2016 and hence it is difficult to express clear expectations of the results for the year. The objective for the KIRKBI Group is to create satisfactory long-term returns.

Based on a good start of 2016 for the LEGO Group offset by the challenging financial markets, the year 2016 have started moderately from a financial point of view. The overall result for 2016 for the KIRKBI Group is still expected to be satisfactory.

PEOPLE AND VALUES

Core values:
Imagination
Creativity
Fun
Learning
Caring
Quality

In KIRKBI we believe people and values make the difference. It is the people employed and our core values that secure the right combination of skills and performance.

KIRKBI is determined on supporting all employees in their ongoing development of competencies and performance. In order to do so KIRKBI works with individual development plans and performance management programs for all employees. Besides, KIRKBI focus' on developing our leaders to become even better in supporting our employee's personal and professional competencies.

The KIRKBI staff consists of specialised and experienced professionals in so diverse fields as investment and treasury management, board assignments, real estate investments and operations, business administration and controlling, legal advisory, communication and HR.

It is this diversity of professional and personal competencies together with the acknowledgement of the core values of the Kirk Kristiansen family, which makes KIRKBI unique as a company. Strongly related to the core of these values are motivation and engagement together with a high ethical standard in all activities.

The number of employees in KIRKBI is 96. KIRKBI's headquarter is in Billund. Besides, KIRKBI has offices in Copenhagen and Baar in Switzerland.

CORPORATE 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. We believe responsibility and financial performance goes hand in hand.

A great example is Renewables, which is one of our strategic focus areas for the KIRKBI Group. Our investments in renewables support the LEGO Group in balancing its global energy consumption with renewable energy capacity by 2020 and beyond. At the same time, the investments delivers a stable long-term return on investment and it is a powerful way for KIRKBI and the Kirk Kristiansen family to make a positive impact.

In general, sustainable investment and management is integral to KIRKBI. We deliberately take sustainability-related risks and opportunities into account in all investment and business decisions and processes. In that regard, KIRKBI has identified certain industries that we simply do not invest in at all: Tobacco, armament and adult entertainment.

Additionally, KIRKBI has entered into business relations with an ethical screening company. The company has developed a global ethical standard based on systematic screening of international companies regarding their compliance with international conventions and guidelines on environment, human rights and corruption. A screening of KIRKBI's Quoted equity portfolio is conducted regularly.

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

The responsibility report for 2015 for the LEGO Group is available at www.LEGO.com/responsibility.

The companies in which KIRKBI has made long-term equity investments also work actively with Corporate Social Responsibility.

GENDER COMPOSITION

We belive that a truly diverse organisation presents an opportunity to succeed in the long term. We are commited to hiring and promoting talent at all levels disregarding gender, religion and ethnicity.

The Board of Directors of KIRKBI A/S has decided that longer-term the board should include one female member, provided 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 unique play experiences to children.

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.

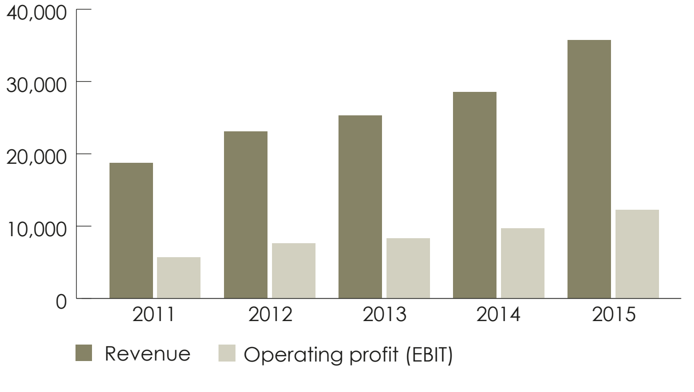
The aim of the company is to "inspire and develop the builders of tomorrow", and all products are based on the underlying philosophy of development through play. It is the LEGO philosophy that "good quality play" enriches a child's life – and lays the foundation for its development throughout life.

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, China 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.

5 YEARS' PERFORMANCE

(m DKK)



HIGHLIGHTS FOR 2015

The LEGO Group delivered a year of exceptional growth in 2015. Revenue increased by 25% (19% excluding foreign exchange impact) to DKK 35.8 billion which was on top of a strong 2014 that was aided by the successful LEGO Movie.

All the LEGO Group's market regions experienced double digit sales growth while the traditional toy market in most countries grew by mid-single digit rates.

In 2015 the LEGO Group continued its extensive investments in production capacity, building on its overall strategy to locate production close to core markets. Investments in property, plant and equipment amounted to DKK 2.8 billion. Further investments in the years to come are announced to increase production capacity in order to meet the continued high demand for LEGO products.

In June 2015, the LEGO Group announced its decision to invest DKK 1 billion in setting up a Sustainable Materials Center. The objective for the center is to fulfil the company's ambition of finding sustainable alternatives to its present raw materials and packing by 2030.

The number of average full-time employees increased by 11 % to 13,974 employees for 2015.

The LEGO Group's profit before tax increased by 28 % to DKK 12.1 billion.

During the coming years, the LEGO Group expects to grow moderately ahead of the global toy market that is expected to continue to grow low single digit.

Management Board
Jørgen Vig Knudstorp, Chief Executive Officer
John Goodwin, Chief Financial Officer
Bali Padda, Chief Operating Officer
Julia Goldin, Chief Marketing Officer
Loren I. Shuster, Chief Commercial Officer

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)	2015	2014
Revenue	35,780	28,578
Operating profit	12,244	9,697
Profit before tax	12,148	9,491
Profit for the year	9,174	7,025
Equity	17,751	12,832
Cash flow from operating activities	10,559	7,945
Investments	(2,948)	(3,174)
Average number of employees (FTE)	13,974	12,582

MERLIN ENTERTAINMENTS PLC

ABOUT MERLIN ENTERTAINMENTS PLC

Merlin Entertainments is Europe's leading and the world's second-largest visitor attraction operator. At the end of December 2015, Merlin Entertainments operated 111 attractions in 23 countries across four continents. The aim for Merlin Entertainments is to deliver memorable experiences to its more than 62 million visitors worldwide.

Merlin Entertainments 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 centres or resorts providing visits of shorter duration. Resort 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 often including highly themed accomodation and based on interactivity, imagination and family fun. Also in the thirteen 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.

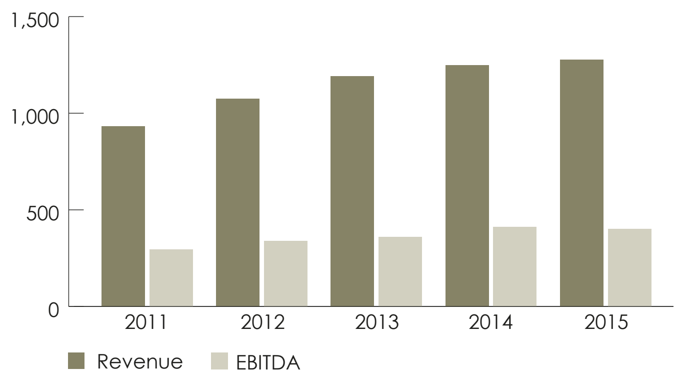
LEGOLAND® Parks

Windsor, UK · Billund, Denmark · Gunztburg, Germany · California & Florida, USA
Nusajaya, Malaysia.

Midway Attractions

Resort Theme Parks

5 YEARS' PERFORMANCE (m GBP)



HIGHLIGHTS FOR 2015

The year 2015 was dominated by the traumatic accident at Alton Towers in June. Merlin Entertainments immediately accepted liability and have announced the cause, human error, which lead to a series of enhanced and rigorous new protocols to ensure there can be no repetition of this accident. Resort Theme parks were significantly negatively impacted by the accident in both number of visitors and operating profit.

Despite the great shadow cast by this incident, business elsewhere in Merlin Entertainments performed satisfactorily.

Total number of visitors grew by 0.3 % and revenue grew by 3.9 % in 2015 on a constant currency basis. Profit for the year increased by 4.9 % to GBP 170 million.

The 6 LEGOLAND® parks enjoyed another excellent year following the record performance reported in 2014. In May 2015, Merlin Entertainments opened a new 152 room hotel at LEGOLAND Florida and can now offer accommodation at all its LEGOLAND parks.

Further 3 LEGOLAND parks are currently being developed around the world. In Dubai (opening 2016), Japan (2017) and South Korea (2018). With the success of the LEGOLAND brands Merlin Entertainments will continue to pursue options for the roll out of further LEGOLAND parks.

Midway attractions experienced growth of 5 % in number of visitors reflecting a strong performance in Asia. Within Midway attractions Merlin Entertainments opened two LEGOLAND Discovery Centres, in Osaka Japan and in Istanbul, Turkey. For 2016 a new LEGOLAND Discovery Centre is planned to be opened in Shanghai, China.

Board of Directors
Sir John Sunderland, Chairman
Nick Varney, CEO
Andrew Carr, CFO
Charles Gurassa
Ken Hydon
Fru Hazlitt
Trudy Rautio
Yun (Rachel) Chiang
Søren Thorup Sørensen

FINANCIAL HIGHLIGHTS

(m GBP)	2015	2014
Revenue	1,278	1,249
Underlying EBITDA	402	411
Profit for the year	170	162
Equity	1,145	1,059
Cash flow from operating activities	325	357
Visitors (millions)	62.9	62.8
Ownership of Merlin Entertainments plc	29.9 %	29.9 %
KIRKBI's share of profit for the year (m DKK)	517	459

BKR1 - WTG in operation

RENEWABLES

ABOUT RENEWABLES

As owners the Kirk Kristiansen family wants to make a positive impact on the global environment focusing on renewable energy, whereby Renewables becomes a strategic investment area for the KIRKBI Group. The primary reason behind the investment area is to support the LEGO Group in balancing its global energy consumption with renewable energy capacity by 2020 and beyond.

The massive organic growth for the LEGO Group within recent years leads to continuing investments within Renewables in the years to come to fulfil the goal for 2020 and beyond.

Furthermore Renewables is a solid, long-term investment which fits well with the KIRKBI strategy and should be able to generate a stable return.

On 10 February 2016, KIRKBI entered into an agreement to acquire 25 % of the 258 MW UK offshore wind farm project Burbo Bank Extension. Burbo Bank Extension will be constructed by DONG Energy and the project is expected to be fully commissioned in the first half of 2017. The wind farm will consist of 32 turbines and will be able to supply CO_2-free power equivalent to the annual electricity consumption of more than 230,000 households.

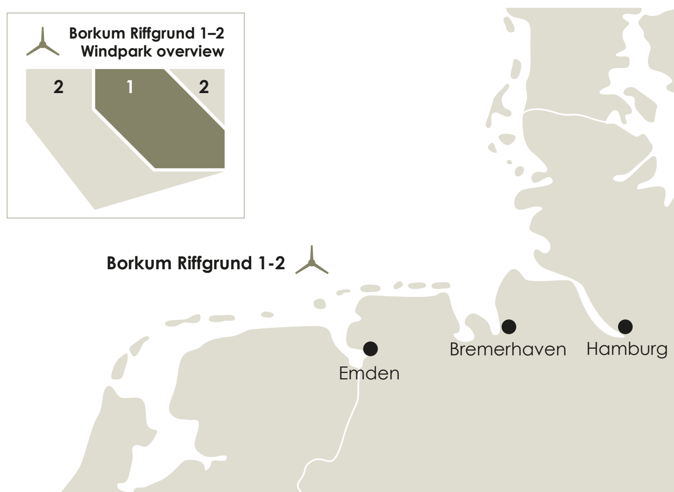
ABOUT BORKUM RIFFGRUND 1

In 2012 the KIRKBI Group entered into a joint operation together with William Demant Invest and DONG Energy into the wind farm Borkum Riffgrund 1, where the KIRKBI Group owns 31.5 % of the joint venture. The wind farm has a capacity of 312 MW and will be capable of producing green energy to 320,000 German households when it is fully operational. Borkum Riffgrund 1 is located approximately 54 kilometers from the shore and 37 kilometers from the island Borkum in the North Sea. The offshore wind farm is operated by DONG Energy.

During 2015 all turbines at Borkum Riffgrund have been successfully installed and commisioned. First power reached the grid connection in February 2015 and in October 2015 Borkum Riffgrund was officially opened.

Borkum Riffgrund is still in the test and optimisation phase and is expected to be fully operational during the summer 2016.

LOCATION



FINANCIAL HIGHLIGHTS (m DKK)

	2015	2014
Profit for the year	(3)	1

INVESTMENT ACTIVITIES

ABOUT INVESTMENT ACTIVITIES

The economic purpose for the investment portfolio is to balance financial security and flexibility for the group with the objective of delivering a stable long-term growth of capital through an attractive risk-adjusted return.

The approach is fundamentally driven with investments actively managed by a dedicated and lean organization within the principles of a family-owned company and the LEGO idea:

- Long-term, fundamental and values driven
- Focusing on transparent investment structures in order to be comfortable with the underlying risk and return factors
- Being ambitious and active owners
- Making responsible investments to act as a good citizen, to avoid negative impact on the reputation of the owner family and the Group, and because investing responsibly will create superior long-term value
- In areas where we choose to work with external partners, we seek partners with high integrity and aim to build long-term relationships

MAKING RESPONSIBLE INVESTMENTS…

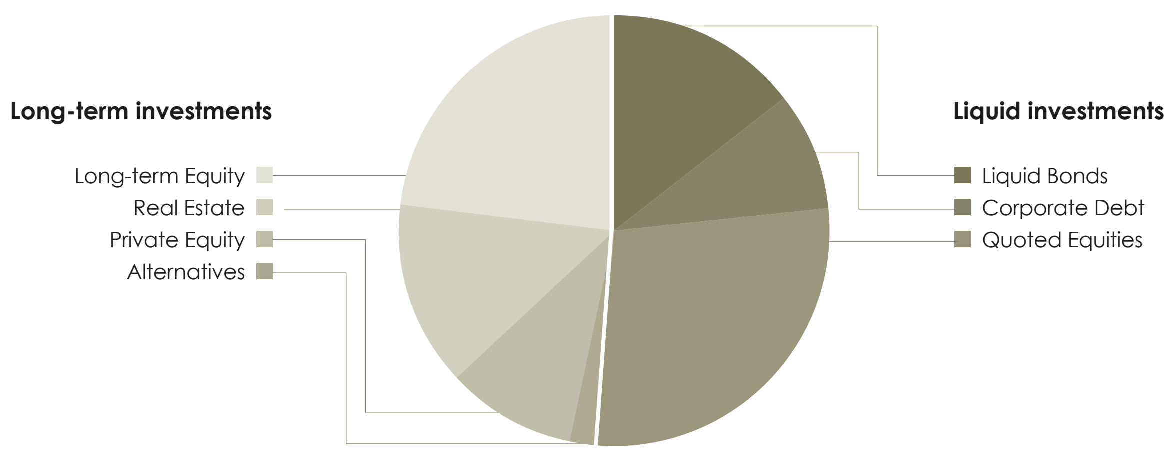
… Reflects the LEGO spirit of 'Only the best is good enough', meaning that a stronger responsibility focus will support KIRKBI in becoming the best partner, best place to work and best company both globally and in local communities.

… Enables KIRKBI to benefit and mitigate risks from long-term macroeconomic trends such as sustainability demands from stakeholders to a company's products.

KIRKBI finds sustainability factors such as environmental, social and governance (ESG) to be a fundamental part of assessing the attractiveness and performance of an investment. Not only in the due diligence phase but also as part of the ongoing monitoring of portfolio investments as KIRKBI will – as an ambitious and active owner – exercise our rights and encourage companies to improve the management of material risks in order to protect our value and enhance long-term returns.

In addition to the assessment of ESG factors, we exclude investments in certain industries such as tobacco, armament and adult entertainment. The investments are regularly screened for their compliance with international conventions and norms.

ALLOCATION OF INVESTMENT PORTFOLIO YEAR-END 2015



PORTFOLIO STRATEGY

The investment portfolio is divided into long-term investments and shorter-term financial investments with the purpose of securing diversification as well as sufficient flexibility at all times. All investment areas are important to the KIRKBI Group, but based on a belief in value creation through long-term focus as well as a long-term illiquidity premium, long-term investments are expected to be a growing part of the total portfolio.

HIGHLIGHTS FOR 2015

In 2015 the consolidated investment activities yielded a return of DKK 3.3 billion and the investment portfolio ended in 2015 at DKK 39.3 billion.

The strong return was driven by good performance in all asset classes, with especially strong performance in Long-term equity, Private equity and Real estate.

Within Long-term equity the gains are mainly attributable to solid performance of the investment in ISS A/S. ISS A/S has performed well both operationally and financially and the share price has during 2015 increased by 40 % and the company has, in addition, paid dividends of DKK 4.90 per share. In March 2015, we increased our equity stake in ISS A/S from 5.8 % to above 10 %.

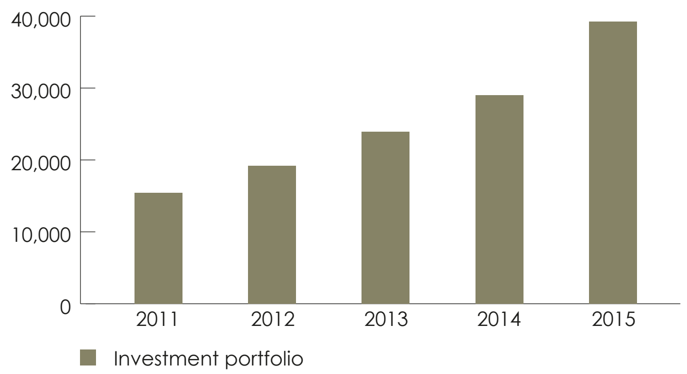
In the Private Equity portfolio gains are attributable both to the preferred buyout funds and co-investments made. During 2015 we made three new commitments to funds and invested in four new co-investments with our partners. The most significant co-investment in 2015 was the investment in Nordic Aviation Capital A/S together with EQT. In November 2015 we announced the investment in Armacell, a world leader in flexible insulation foams together with Blackstone.

In 2015 Real estate completed the acquisition of two new office properties in Munich totaling 27,500 square meters. One has been renovated to a modern LEED silver standard and we intend to renovate the other in 2017-18.

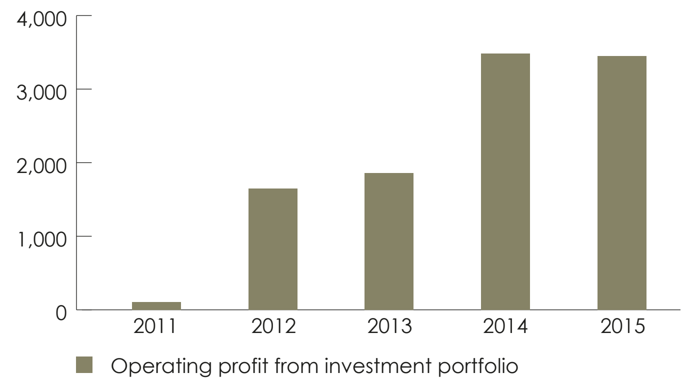
FINANCIAL HIGHLIGHTS

(m DKK)	2015	2014
Operating profit from investment activities	3,307	3,373

INVESTMENT PORTFOLIO AT YEAR-END (m DKK)



5 YEARS' PERFORMANCE (m DKK)



LONG-TERM EQUITY INVESTMENTS

ABOUT KIRKBI'S LONG-TERM EQUITY INVESTMENTS

Within the KIRKBI Investment portfolio strategy focus is tended towards more long-term value creating asssets. It is a priority for the KIRKBI Group to grow the long-term equity investments with a wish of acquring significant minority stakes of high-quality companies with a long-term value potential.

KIRKBI invests within attractive and growing industries.

KIRKBI's strategy is to be an active owner of significant minority stakes. Thus, KIRKBI is represented on the boards of most of its long-term equity investments in order to support the companies with strategic and operational issues in relation to their long-term growth, ESG and further development.

HIGHLIGHTS FOR 2015

In March 2015 KIRKBI acquired further ISS shares and increased ownership in ISS A/S to be above 10 %.

Fire protection from Minimax Viking

KIRKBI'S PORTFOLIO OF LONG-TERM EQUITY INVESTMENTS

Falck A/S
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 more than 34,000 employees and business activities in 45 countries on six continents. Falck provides ambulance services to the general public and works in close collaboration with the authorities in 21 countries. Operating more than 2,300 ambulances, Falck has the world's largest international ambulance fleet. Falck is also the world's largest provider of fire services, healthcare and safety services.

KIRKBI owns 28 % of Falck A/S.

ISS A/S
The ISS Group was founded in Copenhagen in 1901 and has grown to become one of the world's leading Facility Services companies. ISS offers a wide range of services such as: Cleaning, Catering, Security, Property and Support Services as well as Facility Management.

ISS has approximately 504,000 employees and local operations in more than 50 countries across Europe, Asia, North America, Latin America and Pacific, serving thousands of both public and private sector customers.

ISS A/S is listed on OMX Nordic Stock Exchange.

KIRKBI owns above 10 % of ISS A/S.

Minimax Viking Group
Minimax Viking is a global market leader in the active fire protection industry specialised in the development, manufacture and supply of fire suppression and prevention systems including related detection and control technology. The Group also offers engineering, installation and commissioning of the systems as well as after-sales services for the business sector. Minimax Viking's primary markets are Germany and North America while business is emerging in Asia. Minimax Viking has more than 7,000 employees.

KIRKBI owns 29 % of Minimax Viking Group.

Matas A/S
Matas is the largest health and beauty retailer in Denmark and offers a distinctive one-stop retail concept which serves a broad range of health, beauty, household and personal care needs. Matas has developed a strong reputation for professional advice and customer service excellence that has been leveraged to establish one of the best-known retail chains in Denmark. The product offering is sold through the Matas Store Network, which consists of a network of almost 300 Matas stores in Denmark and online. Matas has more than 2,500 employees and is listed on OMX Nordic Stock Exchange.

KIRKBI owns 14 % of Matas A/S.

INVESTMENT REAL ESTATE

ABOUT KIRKBI'S REAL ESTATE INVESTMENTS

The KIRKBI Group believes in value creation through long-term focus, and growing real estate investments is a strategic choice for KIRKBI. The focus for the KIRKBI Group is to maintain and increase the real estate portfolio with sound and high-quality office and retail properties with a long-term value potential. KIRKBI has a strategy for real estate investments including identification of four strategic locations for the future real estate investments: Copenhagen, London, Munich and the German speaking part of Switzerland.

KIRKBI has currently 21 real estate investments located in Copenhagen and Billund (Denmark), London (Great Britain), Baar (Switzerland), Hamburg and Munich(Germany) and Prague (Czech Republic).

HIGHLIGHTS FOR 2015

In 2015, KIRKBI's real estate portfolio was extended with two new acquisitions in Munich offset by one sold property in Copenhagen.

In May, KIRKBI aquired an office building within the Mittlerer Ring of Munich, as part of a redevelopment project. The redevelopment project is outsourced to an external partner where the building partly will be demolished and replaced with new modern architectural office buildings. After completion, expected to be in 2017, the building will consist of app. 25,000 m².

A property in the center of Copenhagen was sold in May. The property had been in the real estate portfolio in KIRKBI for many years, but an acceptable bid led to a sale of the property.

In September, KIRKBI took over another office building in the center of Munich. This is a new redeveloped property, fully let, which fits perfectly into the KIRKBI real estate strategy of a long-term value potential.

Schwanthaler Straße, Munich

EXECUTIVE MANAGEMENT

Søren Thorup Sørensen
Chief Executive Officer since 2010

Chairman of the Board of Topdanmark A/S, Topdanmark Forsikring A/S and Boston Holding A/S

Member of the Board of LEGO A/S, Koldingvej 2 Billund A/S, Ole Kirk's Foundation, Falck Holding A/S, Merlin Entertainments plc and 5 fully owned subsidiaries of KIRKBI A/S

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, deputy chairman in LEGO A/S and board member in Capital of Children Office A/S and 6 fully owned subsidiaries of KIRKBI A/S

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 and Jeudan 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 of Novo Nordisk A/S and Haldor Topsøe A/S

Member of the Board of NOVO 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, NGF Nature Energy Biogas A/S, NLP fmba and Trigon Agri A/S

Member of the Board of DLR Kredit A/S, Nordea Liv & Pension, H.C. Petersen og Co.'s Efff. A/S, Fællesfonden and Askov Højskole

Member of the Board of Representatives of The Danish Central Bank and Sydbank A/S

Thomas Kirk Kristiansen
Member of the Board since 2007

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

Deputy Chairman of the Board of the LEGO Foundation

Board member in LEGO A/S and 4 fully owned subsidiaries of KIRKBI A/S

Executive Management member of Kirk & Kirk Holding ApS and management roles in 4 subsidiaries

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 2015.

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 2015 and of the results of the Group's and the Parent Company's cash flows for the financial year 1 January – 31 December 2015 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, 8 March 2016

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 2015, 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 December 2015, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2015 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's review
Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

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

Aarhus, 8 March 2016
Deloitte
CVR-no. 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant

Nikolaj Thomsen
State Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

PART 2 Consolidated financial statements

PART 3 Notes – KIRKBI Group

PART 4 – Parent Company

CONSOLIDATED INCOME STATEMENT

(m DKK)	Notes	2015	2014
LEGO Group [1) 2) 3)]	2, 3, 4, 5	12,148	9,491
Royalties [1)]		1,392	1,089
Merlin activities		504	439
Renewables		(3)	1
Operating profit from strategic activities		**14,041**	**11,020**
Operating profit from investment activities	4, 5, 6	3,307	3,373
Administration and trademark costs [3)]	2, 3, 4, 5	(351)	(292)
Total operating profit		**16,997**	**14,101**
Financial income	7	48	57
Financial expenses	8	(101)	(86)
Profit before tax		**16,944**	**14,072**
Tax on profit for the year	9	(3,548)	(3,254)
Profit for the year		**13,396**	**10,818**
Appropriation to			
Parent company shareholders		11,104	9,062
Non-controlling interests	19	2,292	1,756
		13,396	**10,818**

1) Operating profit from the LEGO Group and royalties include royalty from the LEGO Group of DKK 1,324 million (2014 DKK 1,036 million)

2) Revenue for the KIRKBI Group is DKK 36,277 million (2014 DKK 28,974 million) primarilly from sale of goods

3) Total operating expenses for the KIRKBI Group amounts to DKK 23,887 million (2014 DKK 19,173 million) as specified in note 2

CONSOLIDATED STATEMENT OF COMPRE-HENSIVE INCOME

(m DKK)	Notes	2015	2014
Profit for the year		**13,396**	**10,818**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to the income statement:			
Exchange differences, foreign subsidiaries and associates		217	146
Net gain/(loss) on cash flow hedges		231	(400)
Net gain/(loss) on cash flow hedges associates		36	(26)
Tax on entries directly in equity		(59)	83
Items that will not be reclassified to the income statement:			
Remeasurements of defined benefit plans		2	14
Other equity movements in associates		(3)	(6)
Other comprehensive income for the year		**424**	**(189)**
Total comprehensive income		**13,820**	**10,629**
Appropriation to			
Parent company shareholders		11,465	8,929
Non-controlling interests	19	2,355	1,700
		13,820	**10,629**

BALANCE SHEET AT 31 DECEMBER

ASSETS (m DKK)	Notes	2015	2014
Non-current assets			
Goodwill, trademarks, patents and other intangible rights	11	1,886	1,891
Software		138	126
Development projects		139	85
Intangible assets	10	**2,163**	**2,102**
Property		6,510	4,269
Plant and equipment		3,033	2,494
Other fixtures, fittings, tools and equipment		1,649	1,599
Fixed assets under construction		4,302	5,371
Property, plant and equipment	12	**15,494**	**13,733**
Investment real estate	13	5,362	4,186
Investments in associates	14	3,654	3,787
Receivables from associates		78	468
Other investments		40	60
Prepayments		170	162
Deferred tax assets	20	313	235
Other non-current assets		**9,617**	**8,898**
Total non-current assets		**27,274**	**24,733**
Current assets			
Inventories	15	2,850	2,217
Trade receivables	16	6,436	5,899
Other receivables		1,989	922
Prepayments		180	99
Current tax receivables		399	57
Receivables from associates		-	46
Securities	17	34,032	24,467
Cash		2,303	1,411
Total current assets		**48,189**	**35,118**
TOTAL ASSETS		**75,463**	**59,851**

EQUITY AND LIABILITIES (m DKK)	Notes	2015	2014
EQUITY			
Share capital	18	200	200
Retained earnings		56,095	45,018
KIRKBI Group's share of equity		**56,295**	**45,218**
Non-controlling interests	19	4,460	3,206
Total equity		**60,755**	**48,424**
LIABILITIES			
Non-current liabilities			
Borrowings		3,454	1,204
Deferred tax liabilities	20	596	600
Pension obligations	21	95	82
Provisions	23	101	96
Other long-term liabilities	22	145	1,539
Total non-current liabilities		**4,391**	**3,521**
Current liabilities			
Borrowings		925	427
Payables to associates		-	215
Trade payables		3,210	2,632
Current tax liabilities		217	86
Provisions	23	160	228
Other short-term liabilities	22	5,805	4,318
Total current liabilities		**10,317**	**7,906**
Total liabilities	26	**14,708**	**11,427**
TOTAL EQUITY AND LIABILITIES		**75,463**	**59,851**

STATEMENT OF CHANGES IN EQUITY

(m DKK)	Share capital	Retained compre-hensive income	**KIRKBI Group's share of equity**	Non-controlling interests	**Total equity**
Balance at 1 January 2015	**200**	**45,018**	**45,218**	**3,206**	**48,424**
Profit for the year	–	11,104	11,104	2,292	13,396
Other comprehensive income for the year	–	361	361	63	424
Total comprehensive income for the year	**–**	**11,465**	**11,465**	**2,355**	**13,820**
Acquisition					
Equity-settled share-based transactions	–	–	–	24	24
in associates		12	12	–	12
Dividend	–	(400)	(400)	(1,125)	(1,525)
Balance at 31 December 2015	**200**	**56,095**	**56,295**	**4,460**	**60,755**
Balance at 1 January 2014	**200**	**36,410**	**36,610**	**2,767**	**39,377**
Profit for the year	–	9,062	9,062	1,756	10,818
Other comprehensive income for the year	–	(133)	(133)	(56)	(189)
Total comprehensive income for the year	**–**	**8,929**	**8,929**	**1,700**	**10,629**
Acquisition of non-controlling interest in subsidiaries	–	(32)	(32)	32	–
Equity-settled share-based transactions in associates	–	11	11	–	11
Dividend	–	(300)	(300)	(1,293)	(1,593)
Balance at 31 December 2014	**200**	**45,018**	**45,218**	**3,206**	**48,424**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	**Notes**	**2015**	**2014**
Profit before tax		16,944	14,072
Income tax paid		(3,841)	(3,278)
Reversals of items with no effect on cash flows	28	(1,324)	(1,085)
Changes in working capital	29	297	454
Cash flows from operating activities		**12,076**	**10,163**
Acquisition of securities, net		(7,321)	(2,986)
Acquisition of intangible assets		(126)	(59)
Sale of property, plant and equipment		148	11
Acquisition of property, plant and equipment		(4,621)	(6,814)
Cash flows from investing activities		**(11,920)**	**(9,848)**
Dividend paid to shareholders		(400)	(300)
Dividend paid to non-controlling interests		(1,125)	(1,293)
New borrowings		2,912	94
Repayments of borrowings		(651)	(41)
Financing from other long-term liabilities		–	985
Cash flows from financing activities		**736**	**(555)**
Net cash flows for the year		**892**	**(240)**
Cash and cash equivalents at 1 January		1,411	1,651
Cash and cash equivalents at 31 December		**2,303**	**1,411**

NOTES CONTENTS

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 which management assesses to be material for the annual report.

Investment in associates
The KIRKBI Group's investment in entities in which the Group has significant influence, is accounted for using either the equity method or fair value through profit and loss depending on the classification of each single entity.

Entities, in which the KIRKBI Group has significant influence and which are considered a strategic investment are accounted for using the equity method. Based on this judgement for instance Merlin Entertainments plc is accounted for using the equity method.

Entities, in which the KIRKBI Group has significant influence, which are included in the investment portfolio (Long-term equity) are accounted for using fair value through profit and loss and accounted for in accordance with IAS 39, which goes for the investments in Falck and Minimax Viking.

Please refer to the Group Structure for a complete overview of which companies are accounted for using the equity method and which companies are accounted for using fair value through profit and loss.

It is management's assessment that the assumptions are reasonable.

Unquoted Long-term equity
Valuation of unquoted Long-term equity investments is based on estimates and assumptions as regards the fair value of each individual company. The fair value is estimated using a valuation model based on relevant multiples of a set of comparable companies, pro-forma adjusted operating income and adjusted net interest bearing debt. The valuation is performed by internal portfolio managers.

The most subjective parameter in the valuation model is the multiples from comparable companies. If the multiples were reduced by 1.0x point, it would have a negative effect on profit before tax of around DKK 600 million, which is described in note 17.

It is management's assessment that the assumptions and estimates are reasonable.

Real estate Investment
Within other non-current assets the valuation of Real estate requires estimates and judgements on future cash flows, yields and market values for similar properties. The most subjective parameter is the yield used in the calculation. If the yield in the calculations increases by 1 % point, the impact of profit before tax would be negative with around DKK 900 million. Please refer to note 13 for a description of the impact on each geografical area. It is management's assessment that the estimates are reasonable.

NOTE 2. EXPENSES BY NATURE

(m DKK)	2015	2014
Raw materials and consumables	5,366	4,062
Employee expenses	5,956	4,754
Depreciation and amortisation	1,081	947
License and royalty expenses	2,523	2,019
Other external expenses	8,610	7,099
Total operating expenses from LEGO Group activities	**23,536**	**18,881**
Administration and trademark costs	351	292
Total operating expenses for the KIRKBI Group activities	**23,887**	**19,173**
Research and development costs charged during the year	**533**	**437**

NOTE 3. AUDITORS' FEES

(m DKK)	2015	2014
Fee to Deloitte:		
Statutory audit of the financial statements	2	2
Other assurance engagements	–	–
Tax assistance	1	3
Other services	2	1
	5	**6**
Fee to PwC:		
Statutory audit of the financial statements	10	9
Other assurance engagements	1	1
Tax assistance	20	18
Other services	34	12
	65	**40**
Total auditors' fees	**70**	**46**

NOTE 4. EMPLOYEE EXPENSES

(m DKK)	2015	2014
Wages and salaries	5,486	4,364
Termination benefit and restructuring	25	32
Pension costs, defined contribution plans	242	266
Other expenses and social security costs	484	331
	6,237	**4,993**
Average number of full-time employees	**14,241**	**12,781**
Executive Management and Board of Directors:		
Salaries and other remuneration	20	19
Short-term incentive plans	3	3
Long-term incentive plans	12	9
	35	**31**

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 5. DEPRECIATION AND AMORTISATION

(m DKK)	2015	2014
Trademarks, patents and other intangible rights	13	9
Software	51	45
Property	254	137
Plant and equipment	662	612
Other fixtures, fittings, tools and equipment	253	210
	1,233	**1,013**

In 2015, the KIRKBI Group did not recognised impairment losses on intangible assets (2014 DKK 0 million) and on property, plant and equipment the KIRKBI Group recognised impairment losses of DKK 73 million (2014 DKK 0 million).

NOTE 6. OPERATING PROFIT FROM INVESTMENT ACTIVITIES

(m DKK)	2015	2014
Net gain or loss on financial assets at fair value through profit and loss	1,318	1,344
Net income from Investment real estate (note 13)	767	506
Realised net gain or loss on financial assets	1,363	1,634
Net income/(loss) from other investment activities	(141)	(111)
	3,307	**3,373**

NOTE 7. FINANCIAL INCOME

(m DKK)	2015	2014
Interest income from associates	21	22
Interest income from credit institutions measured at amortised cost	4	3
Other interest income	8	6
Exchange gain	15	26
	48	**57**

NOTE 8. FINANCIAL EXPENSES

(m DKK)	2015	2014
Interest expenses on mortgage loans measured at amortised cost	10	12
Interest expenses to related parties	44	13
Interest expenses to credit institutions measured at amortised cost	17	15
Other interest expenses	–	2
Exchange loss, etc.	30	44
	101	**86**

NOTE 9. INCOME TAX EXPENSES

(m DKK)	2015	2014
Current tax on profit for the year	3,738	3,239
Deferred tax on profit for the year	(93)	27
Effect of change in tax rate	–	(5)
Other	27	–
Prior year adjustments	(124)	(7)
	3,548	**3,254**
Income tax expenses are specified as follows:		
Calculated 23.5 % (24.5 %) tax on profit for the year before income tax	3,982	3,448
Tax effect of		
Higher/lower tax rate in subsidiaries	101	24
Non-taxable income	(748)	(381)
Non-deductible expenses	206	152
Effect of change in tax rate	-	(5)
Adjustment of tax relating to previous years	(124)	46
Other	131	(30)
	3,548	**3,254**
Effective tax rate	20.9 %	23.1 %

NOTE 10. INTANGIBLE ASSETS

2015 (m DKK)	Goodwill, trademarks, patents and other intangible rights	Software	Deve-lopment projects	Total
Cost at 1 January	2,053	461	85	2,599
Exchange adjustment to year-end rate	6	–	–	6
Additions	3	6	117	126
Disposals	–	(205)	–	(205)
Transfers	–	63	(63)	–
Cost at 31 December	**2,062**	**325**	**139**	**2,526**
Amortisation and impairment losses at 1 January	(162)	(335)	–	(497)
Exchange adjustment to year-end rate	(1)	(6)	–	(7)
Amortisation for the year	(13)	(51)	–	(64)
Disposals	–	205	–	205
Amortisation and impairment losses at 31 December	**(176)**	**(187)**	**–**	**(363)**
Carrying amount at 31 December	**1,886**	**138**	**139**	**2,163**

2014 (m DKK)	Goodwill, trademarks, patents and other intangible rights	Software	Deve-lopment projects	Total
Cost at 1 January	2,045	431	71	2,547
Exchange adjustment to year–end rate	23	4	–	27
Additions	5	5	49	59
Disposals	(20)	(14)	–	(34)
Transfers	–	35	(35)	–
Cost at 31 December	**2,053**	**461**	**85**	**2,599**
Amortisation and impairment losses at 1 January	(156)	(300)	–	(456)
Amortisation for the year	(17)	(3)	–	(20)
Impairment losses for the year	(9)	(45)	–	(54)
Disposals	20	13	–	33
Amortisation and impairment losses at 31 December	**(162)**	**(335)**	**–**	**(497)**
Carrying amount at 31 December	**1,891**	**126**	**85**	**2,102**

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 2015 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)	2015	2014
LEGO Group	**1,831**	**1,831**

The recoverable amount is based on the value in use, which is calculated by means of the realised net cash flows from trademark royalties for the current year using a discount rate (WACC) of 8 % (2014 8 %).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2015 (m DKK)	Property	Plant and equipment	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	5,225	6,023	2,512	5,371	19,131
Exchange adjustment to year-end rate	4	15	65	78	162
Additions	843	882	215	2,365	4,305
Disposals	(66)	(278)	(168)	0	(512)
Reclassification	–	–	–	(1,405)	(1,405)
Transfers	1,660	322	125	(2,107)	–
Cost at 31 December	**7,666**	**6,964**	**2,749**	**4,302**	**21,681**
Depreciation and impairment losses at 1 January	(956)	(3,529)	(913)	–	(5,398)
Exchange adjustment to year-end rate	(6)	(6)	(30)	–	(42)
Depreciation for the year	(181)	(662)	(253)	–	(1,096)
Impairment losses for the year	(73)	–	–	–	(73)
Disposals	60	266	96	–	422
Depreciation and impairment losses at 31 December	**(1,156)**	**(3,931)**	**(1,100)**	**–**	**(6,187)**
Carrying amount at 31 December	**6,510**	**3,033**	**1,649**	**4,302**	**15,494**
Including assets held under finance leases	**19**	**–**	**–**	**–**	**19**

Proterty, plant and equipment in general

An obligation related to the purchase of property, plant and equipment of DKK 2,014 million exists at 31 December 2015 (DKK 1,258 million at 31 December 2014).

2014 (m DKK)	Property	Plant and equipment	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	3,397	5,346	1,910	2,844	13,497
Exchange adjustment to year-end rate	12	(20)	65	(63)	(6)
Additions	831	830	429	3,915	6,005
Disposals	(3)	(312)	(50)	–	(365)
Transfers	988	179	158	(1,325)	–
Cost at 31 December	**5,225**	**6,023**	**2,512**	**5,371**	**19,131**
Depreciation and impairment losses at 1 January	(816)	(3,232)	(717)	–	(4,765)
Exchange adjustment to year-end rate	(4)	8	(27)	–	(23)
Depreciation for the year	(137)	(612)	(210)	–	(959)
Impairment losses for the year	–	–	–	–	–
Disposals	1	307	41	–	349
Depreciation and impairment losses at 31 December	**(956)**	**(3,529)**	**(913)**	**–**	**(5,398)**
Carrying amount at 31 December	**4,269**	**2,494**	**1,599**	**5,371**	**13,733**
Including assets held under finance leases	**21**	**–**	**–**	**–**	**21**

NOTE 13. INVESTMENT REAL ESTATE

(m DKK)	2015	2014
Fair value:		
Fair value at 1 January	4,186	2,996
Exchange adjustment to year-end rate	244	58
Additions, new real estates	665	711
Additions, improvement of existing real estate	11	98
Disposals	(80)	–
Fair value adjustment for the year, net	336	323
Fair value at 31 December	**5,362**	**4,186**
Net income:		
Rental income	284	200
Direct expense	(84)	(60)
Net result from operation	**200**	**140**
Fair value adjustments:		
Fair value adjustment for the year, net	336	323
Exchange adjustment to real estate for the year, net	244	58
Exchange adjustment for the year related to debt	(13)	(15)
Fair value adjustments	**567**	**366**
Net income from Investment real estate	**767**	**506**

Valuation method:
The fair value is assessed by the KIRKBI Group's real estate team at year-end on the basis of a return-based model. Valuations rely substantially on non-observable input and are based on cash flow estimates and on the required rate of return (yield) 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 (yield) on a property is dertermined 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.

The return-based model used is:
Rental income
+ vacant rents
- operating costs such as taxes, insurances and utilities
- maintenance
- administration
= Net cash flow
/ Yield
= Capitalised fair value
- vacant rents
+ Deposits
+/- corrections for known circumstances
= Fair value

Investment properties are stated at fair value, using the following yields based on location:

(m DKK)	Yield 2015	Yield 2014	Effect of 1 % point increase in yield (mDKK)
Billund, Denmark	5.75 - 9.0 %	5.75 - 9.0 %	(34)
Copenhagen, Denmark	5.00 - 6.00 %	5.25 - 6.00 %	(136)
London, UK	4.50 - 5.00 %	4.75 - 5.25 %	(288)
Prague and Kladno, Czech Republic	7.25 - 8.75 %	7.75 - 8.75 %	(35)
Baar, Switzerland	4.50 - 5.25 %	4.75 - 5.25 %	(263)
Hamburg, Germany	6.25 %	6.25 %	(17)
Munich, Germany	4.5 %	n/a	(133)
			(906)

NOTE 14. INVESTMENTS IN ASSOCIATES

(m DKK)	2015	2014
Cost at 1 January	3,328	3,142
Additions	–	186
Disposals	(755)	–
Cost at 31 December	**2,573**	**3,328**
Value adjustment at 1 January	459	41
Exchange adjustment to year-end rate	208	176
Disposals	198	–
Share of profit	492	371
Share of comprehensive income	(61)	(65)
Dividend	(215)	(64)
Value adjustment at 31 December	**1,081**	**459**
Carrying amount at 31 December	**3,654**	**3,787**

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.

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 2015 of DKK 3,651 million (2014 DKK 3,202 million) and a market value of DKK 13,955 million (2014 DKK 11,491 million).

Financial information of associates (m DKK)	**Merlin Entertainments plc**	**Other**	**2015**	**2014**
Revenue	12,993	12	13,005	11,798
Profit for the year	1,730	(25)	1,705	1,447
KIRKBI Group's share of profit for the year	**517**	**(25)**	**492**	**371**
Total assets	12,993			
Total equity	11,578			
KIRKBI Group's share of equity	3,461	3	3,464	3,597
Goodwill	190	–	190	190
Carrying amount of associates	**3,651**	**3**	**3,654**	**3,787**

NOTE 15. INVENTORIES

(m DKK)	2015	2014
Raw materials and components	177	138
Work in progress	1,073	801
Finished goods	1,497	1,243
Farming inventories	103	35
	2,850	**2,217**
Cost of sales recognised in operating profit from the LEGO Group	**7,704**	**6,180**
including write-down of inventories to net realisable value	**37**	**9**

NOTE 16. TRADE RECEIVABLES

(m DKK)	2015	2014
Trade receivables (gross)	6,796	5,978
Provisions for bad debts:		
Balance at the beginning of the year	(79)	(48)
Exchange adjustment to year-end rate	(2)	1
Change in provisions for the year	(291)	(44)
Realised losses for the year	12	12
Balance at the end of the year	**(360)**	**(79)**
Trade receivables (net)	**6,436**	**5,899**

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)	2015	2014
Not overdue	6,260	5,337
0 – 60 days overdue	449	577
61 – 120 days overdue	13	23
121 – 180 days overdue	21	9
More than 180 days overdue	53	32
	6,796	**5,978**

None of total trade receivables are covered by insurance (0 % in 2014).

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

Securities consist of bonds, corporate debt, quoted equities, private equity and investments in associated companies. Associated companies classified as investment activities and included in Securities are listed in note 34.

All securities and investments recognised under Securities 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)

Specification of Securities into fair value measurement, currency allocation in DKK/EUR and % of investments rated:			**2015**	**Carrying amount**	
	Fair value measurement hierarchy	**% of investment in DKK or EUR**	**% of investments rated**	**2015**	**2014**
Liquid bonds	Level 1	100 %	100 % AAA	5,928	2,418
Corporate debt etc.	Level 1	92 %	35 % inv. Grade	4,293	5,441
Quoted equities and long-term equity	Level 1	53 %	n/a	16,512	10,452
Private and unquoted long-term equity	Level 3	63 %	n/a	7,299	6,156
Carrying amount at 31 December				**34,032**	**24,467**

For descriptions on credit risk and foreign exchange risk please refer to note 25, where risks from a group perspective are considered low.

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.

Private and unquoted long-term equity	**2015**	**2014**
1 January	6,156	4,293
Total gains and losses recognised in profit and loss	244	1,202
Purchases	1,614	3,459
Sales	(715)	(1,108)
Transfer to Quoted and long-term equity (level 1)	–	(1,690)
Carrying amount at 31 December	**7,299**	**6,156**

Financial instruments which are priced using non-observable input include private placement in private equity funds and private placement in unquoted equities (Long-term Equity).

For Private Equity, 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 inputs were changed.

For unquoted equities (Long-term equity) valuation is based on a valuation model using input such as relevant multiples of a set of comparable companies, pro-forma adjusted operating income and adjusted net interest bearing debt. For the carrying amount of 2015 valuation based on this method is used for the investments in Falck Holding and Minimax Viking.

Investments in unquoted Long-term equity are stated at fair value using a valuation model based on the following inputs:	2015	2014
Pro-forma adjusted operating income	Individual	Individual
Multiples for comparable companies	8.8x – 14.8x	10.3x – 12.8x
Adjusted net interest bearing debt	Individual	Individual

The most significant input for the valuation model is the multiples for comparable companies. If this multiple decreased by 1.0x, the fair value would be reduced by around DKK 600 million.

For financial informatioin about associates accounted for using fair value through profit and loss, please refer to the websites of the associates to have sufficient, relevant and updated information. For Falck Holding please refer to www.falck.com/en/company/financials/ and for Minimax Viking please refer to www.minimax.de/en/.

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 2015**

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 2.00 per share (2014 DKK 1.50).

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

NOTE 19. NON-CONTROLLING INTERESTS

Information about the KIRKBI Group's subsidiaries which have non-controlling interests.

Non-controlling part	Koldingvej 2, Billund A/S		Other	
Subsidiary	LEGO A/S		Other	
(m DKK)	2015	2014	2015	2014
Statement of comprehensive income in subsidiary				
Revenue	35,780	28,578		
Net profit (loss) for the year allocated to the parent company shareholders	9,174	7,025		
Total comprehensive income allocated to the parent company shareholders	9,419	6,800		
Balance sheet in subsidiary				
Non-current assets	11,224	9,386		
Current assets	16,653	12,033		
Current liabilities	(10,126)	(8,587)		
Equity	17,751	12,832		
Cash flow in subsidiary				
Cash flow from operating activities	10,559	7,945		
Cash flow from investing activities	(2,935)	(3,164)		
Dividend to shareholders	(4,500)	(5,000)		
Dividend to non-controlling interests	–	(43)		
Ownership interest of non-controlling interests	25 %	25 %		

Consolidation into the KIRKBI Group					Total	Total
(m DKK)	2015	2014	2015	2014	2015	2014
Carrying amount 1 January	**3,208**	**2,769**	**(2)**	**(2)**	**3,206**	**2,767**
Share of net profit allocated to the non-controlling interests	2,292	1,756	–	–	2,292	1,756
Non-controlling interests of net profit	**2,292**	**1,756**	**–**	**–**	**2,292**	**1,756**
Share of comprehensive income allocated to non-controlling interest	63	(56)	–	–	63	(56)
Non-controlling interests of total comprehensive income	**2,355**	**1,700**	**–**	**–**	**2,355**	**1,700**
Other adjustments:						
Aquisition of non-controlling interests	–	32	24	–	24	32
Dividend paid	(1,125)	(1,293)		–	(1,125)	(1,293)
Carrying amount 31 December	**4,438**	**3,208**	**22**	**(2)**	**4,460**	**3,206**

Investment in Boston Holding A/S has been reclassified from investment in subsidiary to investment in joint operation.

NOTE 20. DEFERRED TAX

(m DKK)	2015	2014
Deferred tax, net at 1 January	(365)	(528)
Exchange adjustment to year-end rate	–	3
Income statement charge	139	70
Effect of change in tax rate	–	5
Charged to other comprehensive income	(59)	83
Other	2	2
Deferred tax, net at 31 December	**(283)**	**(365)**
Classified as:		
Deferred tax assets	313	235
Deferred tax liabilities	(596)	(600)
	(283)	**(365)**

2015 (m DKK)	Deferred tax asset	Deferred tax liability	Deferred tax net
Non-current assets	124	(794)	(670)
Receivables	49	(3)	46
Inventories	245	(183)	62
Provisions	147	–	147
Other liabilities	133	(47)	86
Other	68	(28)	40
Offset	(459)	459	–
Tax loss carry-forwards	6	–	6
	313	**(596)**	**(283)**

2014 (m DKK)	Deferred tax asset	Deferred tax liability	Deferred tax net
Non-current assets	80	(715)	(635)
Receivables	2	(2)	–
Inventories	257	(158)	99
Provisions	128	–	128
Other liabilities	146	(45)	101
Other	23	(111)	(88)
Offset	(431)	431	–
Tax loss carry-forwards	30	–	30
	235	**(600)**	**(365)**

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 6 million of the KIRKBI Group's capitalised tax losses expires after 5 year (DKK 17 million in 2014 expires after 5 years).

NOTE 21. 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 235 million (DKK 262 million in 2014) 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 95 million (DKK 82 million in 2014) 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 12 million (DKK 5 million in 2014) was recognised in the income statement and DKK 2 million (DKK 14 million in 2014) 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.

NOTE 22. OTHER LIABILITIES

(m DKK)	2015	2014
Liabilities related to wages and other charges	1,866	1,301
Other current liabilities	4,084	4,556
	5,950	**5,857**
Specified as follows:		
Non-current	145	1,539
Current	5,805	4,318
	5,950	**5,857**

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)	2015	2014
Obligations regarding finance leases are as follows:		
0 – 1 year	7	6
1 – 5 years	26	26
> 5 years	2	6
	35	**38**
Reconciliation of carrying amount:		
Carrying amount of the liability	27	28
Interest expenses not yet accrued	8	10
	35	**38**

NOTE 23. PROVISIONS

2015

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	27	297	324
Exchange adjustment to year-end rate	–	1	1
Additions	40	289	329
Used	(20)	(140)	(160)
Reversed	(6)	(227)	(233)
Provisions at 31 December	**41**	**220**	**261**
Specified as follows:			
Non-current			101
Current			160
			261

2014

(m DKK)	Restructuring	Other	Total
Provisions at 1 January	55	147	202
Exchange adjustment to year-end rate	–	1	1
Additions	–	313	313
Used	(24)	(114)	(138)
Reversed	(4)	(50)	(54)
Provisions at 31 December	**27**	**297**	**324**
Specified as follows:			
Non-current			96
Current			228
			324

Provisions for restructuring obligations relate primarily to close-down and movement of activities and redundancy programmes in the LEGO Group. The majority of these obligations are expected to result in cash outflows in the period 2016-2017.

Other provisions consist of various types of provisions, including provisions for loyalty programmes. There are provisions in respect of certain outstanding litigation in the LEGO Group, of which Management expects the outcome of these legal disputes to be resolved within the next 2 years. The actual outcome of these disputes and the timing of the resolution cannot be estimated by the LEGO Group at this time. Further information ordinarily required by IAS 37 has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the disputes.

NOTE 24. CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS

Contingent liabilities and other obligations

(m DKK)	2015	2014
Remaining obligations in investments	6,685	2,735
Guarantees	127	96
Operating lease obligations	2,349	1,876
Other obligations	584	2,480
	9,745	**7,187**

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:	**747**	**636**
Future minimum lease payments under non-cancellable operating leases are specified as follows:	**2015**	**2014**
0 – 1 year	501	415
1 – 5 years	1,430	1,013
> 5 years	418	448
	2,349	**1,876**

Security has been given in land, buildings and installations at a net carrying amount of DKK 2,921 million (DKK 2,723 million in 2014) 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 108 million, of which DKK 0 million has been recognised as a provision for deferred tax. The remaining amount of DKK 108 million is not expected to be recaptured.

The KIRKBI Group is part in certain legal disputes. For further information see note 23.

NOTE 25. FINANCIAL RISKS

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

The overall purpose of the investment portfolio is to create economical value in accordance with

- Protect the investment portfolio in the long run
- Supporting The LEGO Group and other strategic assets through delivering a stable growth of capital with an attractive risk-adjusted return
- Avoid negative spill-over effects on the LEGO brand, the LEGOLAND brand and reputation
- Ensure high ethical standard in investments and engagements

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 and renewables and investments within the areas of real estate, long-term equity, private equity, quoted equities and fixed income.

The LEGO Idea Paper has formed the basis of the current investment strategy. We build a sound financial foundation on ongoing value creation to support the shared vision "To inspire and develop the builders of tomorrow" and the LEGO Idea.

The overall purpose imply a portfolio strategy based on firm and conservative investment principles and beliefs learned and built over time. Combined with the financial strength of KIRKBI and continued success of the LEGO Group it allows KIRKBI to have a relatively aggressive asset allocation focused on long-term ownership of equities. However, the clear long-term focused investment beliefs and the focus on their portfolio consequences provide the foundation for a sustained long-term investment strategy.

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 financial investments function as a liquid buffer to cover obligations and non-financial risks, the financial investment portfolio is subject to short-term quotation risk.

Credit risk
Financial instruments are entered into with counterparts with investment grade level ratings.

Similarly, the KIRKBI Group only engages with insurance companies with intestment grade ratings.

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 moderate.

Foreign exchange risk
The foreign exchange risk for the KIRKBI Group is mostly related to net inflows in the LEGO Group and investments denomited 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 375 million. A negative 10 % change in the USD currency would maximum effect the income statement by DKK 700 million and reduce equity by DKK 450 million. A negative 10 % change in the CHF currency would maximum effect the income statement and the equity by DKK 300 million. Based on this, the foreign exchange risks from a group perspective are considered moderate.

Interest rate risk
The KIRKBI Group's interest rate risk relates mainly to the portfolio of liquid bonds and debt instruments. With the current interest rate levels and the composition of the liquid bonds portfolio an increase of 1 % in the interest rate would negatively effect the income statement with maximum DKK 200 million. The KIRKBI Group's interest rate risk is considered low.

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

NOTE 26. FINANCIAL ASSETS AND LIABILITIES

The maturity profile of financial liabilities is disclosed as follows:
(m DKK)

	Nominal values	
	2015	**2014**
Due within 1 year	10,317	7,906
Due between 1 and 5 years	2,501	745
Due after 5 years	1,890	2,776
Total liabilities	**14,708**	**11,427**

NOTE 27. DERIVATIVE FINANCIAL INSTRUMENTS

TOTAL HEDGING ACTIVITIES
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.

Hedging of forecast transactions
The main hedging of forecast transactions relates to USD where the LEGO Group is hedging for a period up to 12 months. For 2015 a total of DKK 3.4 billion (2014 DKK 4.1 billion) has been recognised as forecast transactions in USD qualifying for hedge accounting. The fair value adjustment for USD directly in the income statement is below DKK 100 million and is not considered material to the consolidated KIRKBI Group income statement.

Hedging of balance sheet items
The main hedging of balance items relates to USD where the LEGO Group is hedging for a period up to 2 months. For 2015, a total of DKK 0.9 billion (2014 DKK 0.6 billion) has been recognised as hedging of balance sheet items in USD. The fair value adjustment for USD directly in the equity of the consolidated KIRKBI Group is below DKK 100 million and is not considered material.

Cash flow hedges for which hedge accounting is not applied
Cash flow hedges for which hedge accounting is not applied are insignificant in the consolidated KIRKBI Group figures.

NOTE 28. REVERSALS OF ITEMS WITH NO EFFECT ON CASH FLOWS

(m DKK)	2015	2014
Depreciation, amortisation and impairment	919	696
Revaluation of securities etc.	(1,977)	(1,734)
Net movements in provisions	(50)	195
Net income from associates	(216)	(242)
	(1,324)	**(1,085)**

NOTE 29. CHANGES IN WORKING CAPITAL

(m DKK)	2015	2014
Inventories	(572)	(365)
Trade and other receivables	(1,479)	(701)
Trade and other payables	2,348	1,520
	297	**454**

NOTE 30. RELATED PARTY TRANSACTIONS

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

Kjeld Kirk Kristiansen, Sofie Kirk 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 amounts to DKK 21 million (2014 DKK 10 million). Loans to related parties amount to DKK 2,337 million and interests amount to DKK 44 million.

During 2015 the KIRKBI Group has acquired shares from the owners of KIRKBI A/S for DKK 3,476 million at market terms.

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 31. BUSINESS COMBINATIONS

On 1 January 2015 the KIRKBI Group acquired 100 % the shares in KIRKBI AG, Switzerland at market value. KIRKBI AG is an investment company and the balance sheet on 1 January 2015 included cash and securities at market value of CHF 695 million, receivables of CHF 19 millon offset by debt of CHF 6 million. The purchase price of CHF 708 million was paid with cash CHF 238 million and debt of CHF 470 million. No bad- or goodwill occured from this transaction.

NOTE 32. POST BALANCE SHEET EVENTS

From the period from 31 December 2015 and until adoption at the annual report, no events have occurred that could have significant effect on the annual report for 2015.

NOTE 33. 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 class C enterprises.

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications had no impact on net result, shareholders' equity or cash flows as previously reported.

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 2015 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 2015 and we do not anticipate any significant impact on future periods from the adoption of these new IFRS's.

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 which will be effective from 1 January 2018.
* IFRS 15, Revenue from contracts with customers which will be effective from 1 January 2018.

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.

IASB issued IFRS 16 Leases in January 2016 effective from 1 January 2019. The standard has not yet been endorsed by the EU. Management has not yet finalised the investigation of the impact on the Consolidated Financial Statements upon adoption of IFRS 16.

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. Associates classified as strategic investments are accounted for using the equity method of accounting and are initially recognised at cost. Assoicates classified as investments are valuated using fair value through profit and loss (IAS 39).

The KIRKBI Group's share in joint operations is recognised in the consolidated balance sheet through recognition of the KIRKBI Group's own relative share of assets, liabilities, income and expenses.

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.

Amounts and qualitative information that are considered unimportant for the accounting user are omitted.

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 portfolio and other investment activities in the KIRKBI Group, which include liquid bonds, quoted equities, corporate debt, private equities, 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 28. 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 2015", issued by the Danish Society of Financial Analysts.

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

NOTE 34. GROUP STRUCTURE

Ownership is 100 % unless stated otherwise

KIRKBI A/S

LEGO A/S, 75 % (Denmark / Danmark)

Denmark
LEGO System A/S
LEGO Security Billund ApS

Europe
LEGO Park Holding UK Ltd.
– LEGO Lifestyle International Ltd. (UK)
LEGO Company Limited (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 S.p.A. (Italy)
LEGO Brand Retail S.A.S (France)
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 Tieeret 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 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)
LEGO Toy Co., Ltd. (Shanghai)
LEGO Trading Co., Ltd. (Taiwan)

Associates
KAABOOKI A/S, 19,8 % (Denmark / Danmark)

KIRKBI Invest A/S (Denmark)

Denmark
KIRKBI Anlæg A/S
KIRKBI Real Estate Investment A/S
K & C Holding A/S
– Blue Hors ApS
– Schelenborg Gods ApS
LEGO Juris A/S

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)
KIRKBI Real Estate Investment GmbH (Germany)
Maxor 4 GmbH, 94 % (Germany)
KIRKBI AG (Switzerland)

Asia, Africa and Australia
LLJ Investco KK (Japan)

Associates (accounted for using the equity method)
Merlin Entertainments plc, 29.9 % (UK)
Founders A/S, 33.3 % (Denmark)
Axcel IKU Invest A/S, 33.3 % (Denmark)

Associates (accounted for using fair value through profit and loss)
Falck Holding A/S, 27.7 % (Denmark)
MV Holding GmbH, 29.4 % (Germany)

Joint operations (accounted for using pro-rata consolidation)
Boston Holding A/S, 63 % (Denmark)
– Borkum Riffgrund I Offshore Windpark A/S Gmbh & Co. OHG, 50 % (Germany)

INTERLEGO AG (Switzerland)

Europe / (Europa)
KIRK AG (Switzerland)
Hotel Valbella Inn AG (Switzerland)

CONTENTS

INCOME STATEMENT & COMPREHENSIVE INCOME 1 JANUARY - 31 DECEMBER

(m DKK)	Note	2015	2014
Dividend from investments in subsidiaries		3,375	3,750
Other net income		20	28
Administration costs	2	(134)	(99)
Operating profit		**3,261**	**3,679**
Financial income	3	4	99
Financial expenses	4	(82)	(27)
Profit before tax		**3,183**	**3,751**
Tax on profit for the year	5	35	(2)
Profit for the year		**3,218**	**3,749**
Statement of comprehensive income			
Profit for the year		3,218	3,749
Other comprehensive income after tax		4	(21)
		3,222	**3,728**
Proposed distribution			
Dividend		200	200
Transferred to retained comprehensive income		3,022	3,528
		3,222	**3,728**

BALANCE SHEET AT 31 DECEMBER

(m DKK)	Note	2015	2014
ASSETS			
Non-current assets			
Property		478	338
Other fixtures, fittings, tools and equipment		8	4
Fixed assets under construction		–	75
Property, plant and equipment	6	**486**	**417**
Investments in subsidiaries		17,442	17,442
Receivables from associates		–	468
Other non-current assets	7	**17,442**	**17,910**
Total non-current assets		**17,928**	**18,327**
Current assets			
Receivables from subsidiaries		16,092	12,708
Current tax receivables		632	641
Other receivables		13	12
Cash		11	4
Total current assets		**16,748**	**13,365**
TOTAL ASSETS		**34,676**	**31,692**

BALANCE SHEET AT 31 DECEMBER

PARENT COMPANY

(m DKK)	Note	2015	2014
EQUITY AND LIABILITIES			
EQUITY			
Share capital		200	200
Retained comprehensive income		33,180	30,358
Proposed dividend		200	200
Total equity		**33,580**	**30,758**
LIABILITIES			
Non-current liabilities			
Borrowings	8	183	190
Deferred tax liabilities	9	2	1
Other long-term liabilities	8	46	35
Total non-current liabilities		**231**	**226**
Current liabilities			
Borrowings	8	7	8
Payables to subsidiaries		725	634
Trade payables		16	17
Other short-term liabilities		117	49
Total current liabilities		**865**	**708**
Total liabilities		**1,096**	**934**
TOTAL EQUITY AND LIABILITIES		**34,676**	**31,692**
Contingent liabilities and other obligations	10		

STATEMENT OF CHANGES IN EQUITY

(m DKK)	Share capital	Retained comprehensive income	Proposed dividend	Total
2015:				
Equity at 1 January 2015	**200**	**30,358**	**200**	**30,758**
Profit for the year	–	3,218	–	3,218
Other comprehensive income for the year	–	4	–	4
Total comprehensive income for the year	**–**	**3,222**	**–**	**3,222**
Dividend	–	(400)	(200)	(600)
Proposed dividend	–	–	200	200
Equity at 31 December 2015	**200**	**33,180**	**200**	**33,580**
2014:				
Equity at 1 January 2014	**200**	**26,930**	**200**	**27,330**
Profit for the year	–	3,749	–	3,749
Other comprehensive income for the year	–	(21)	–	(21)
Total comprehensive income for the year	**–**	**3,728**	**–**	**3,728**
Dividend	–	(300)	(200)	(500)
Proposed dividend	–	–	200	200
Equity at 31 December 2014	**200**	**30,358**	**200**	**30,758**

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

(m DKK)	Note	2015	2014
Operating profit		3,261	3,679
Interest received		4	99
Interest paid		(82)	(27)
Income tax (paid)/received		35	(2)
Reversals of items with no effect on cash flows		28	(7)
Changes in working capital		(3,217)	(3,454)
Cash flows from operating activities		**29**	**288**
Purchases of property, plant and equipment		(87)	(69)
Proceeds from sale of property, plant and equipment		4	–
Proceeds from other associates		469	35
Cash flows from investing activities		**386**	**(34)**
Dividend paid to shareholders		(400)	(300)
New borrowings		–	25
Repayments of borrowings		(8)	(9)
Cash flows from financing activities		**(408)**	**(284)**
Net cash flows		**7**	**(30)**
Cash at 1 January		4	34
Cash at 31 December		**11**	**4**

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 enterprises.

The accounting policies for the Parent Company and for the KIRKBI Group are identical (see note 33 for the KIRKBI Group) except for the following:

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

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

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

NOTE 2. EMPLOYEE EXPENSES

(m DKK)	2015	2014
Wages and salaries	121	108
Pension costs	1	1
Other expenses and social security costs	1	1
	123	**110**
Including fee to Executive Management and Board of Directors	**34**	**30**
Number of employees	**56**	**47**

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)	2015	2014
Interest from subsidiaries	-	78
Income from other investments and securities	3	20
Other interest and exchange gains	1	1
	4	**99**

NOTE 4. FINANCIAL EXPENSES

(m DKK)	2015	2014
Interest to subsidiaries	5	10
Other interest and exchange losses	77	17
	82	**27**

NOTE 5. TAX ON PROFIT FOR THE YEAR

(m DKK)	2015	2014
Current tax on profit for the year	(41)	–
Changes in deferred tax	1	–
Adjustment of tax relating to previous years, current tax	5	2
	(35)	**2**
Income tax expenses are specified as follows:		
Calculated 23.5 % (24.5 %) tax on profit for the year before income tax	748	918
Non-taxable income	(793)	(919)
Non-deductable costs	3	1
Change in valuation of deferred tax	2	–
Adjustment of tax relating to previous years	5	2
	(35)	**2**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

2015 (m DKK)	Property	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	484	6	75	565
Additions	83	4	–	87
Disposals	(63)	–	–	(63)
Transfer	75	–	(75)	–
Cost at 31 December	**579**	**10**	**–**	**589**
Depreciation and impairment losses at 1 January	146	2	–	148
Depreciation for the year	14	–	–	14
Disposals	(59)	–	–	(59)
Depreciation and impairment losses at 31 December	**101**	**2**	**–**	**103**
Carrying amount at 31 December	**478**	**8**	**–**	**486**

2014 (m DKK)	Property	Other fixtures, fittings, tools and equipment	Fixed assets under construction	Total
Cost at 1 January	483	6	7	496
Additions	1	–	68	69
Transfer	–	–	–	–
Cost at 31 December	**484**	**6**	**75**	**565**
Depreciation and impairment losses at 1 January	132	2	–	134
Depreciation for the year	14	–	–	14
Depreciation and impairment losses at 31 December	**146**	**2**	**–**	**148**
Carrying amount at 31 December	**338**	**4**	**75**	**417**

NOTE 7. OTHER NON-CURRENT ASSETS

2015 (m DKK)	Investments in subsidiaries	Receivables from associates
Cost at 1 January	17,442	468
Exchange adjustments	–	1
Disposals	–	(469)
Cost at 31 December	**17,442**	**–**

2014 (m DKK)	Investments in subsidiaries	Receivables from associates
Cost at 1 January	17,442	503
Exchange adjustments	–	(1)
Disposals	–	(34)
Cost at 31 December	**17,442**	**468**

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	190	7	39
Other long-term liabilities	46	–	46
	236	**7**	**85**

NOTE 9. DEFERRED TAX

(m DKK)	2015	2014
Deferred tax, net at 1 January	1	1
Change in deferred tax	1	–
Provision for deferred tax, net at 31 December	**2**	**1**
Classified as:		
Deferred tax liabilities	2	1
	2	**1**

NOTE 10. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

(m DKK)	2015	2014
Remaining obligations in investment projects	15	74
Guarantees for group enterprises' balances with credit institutions	882	349
Liabilities operational lease contracts	4	3
Other liabilities	191	198
Total	**1,092**	**624**

Security has been given in land, buildings and installations at a net carrying amount of DKK 211 million (DKK 205 million in 2014) 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 Kristiansen, Thomas Kirk Kristiansen, Agnete Kirk Thinggaard and the Board of Directors and the Executive Management of KIRKBI A/S. Related parties also comprise subsidiaries and associates and Boards of Directors and Executive Management in these companies. Related parties further comprise companies where the mentioned shareholders have significant influence.

Kjeld Kirk Kristiansen, Sofie Kirk 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 (2014 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)	2015	2014
Financial income	3	95
Rental income	43	43
Sale of services	72	72
Financial expenses	(5)	(9)
Rental expenses	(3)	(3)
Purchase of services	(27)	(22)
	83	**176**

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

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