

Koldingvej 2, Billund A/S

Koldingvej 2
7190 Billund

CVR no. 16 63 26 35

Annual report for 2018

Adopted at the annual general
meeting on 6 March 2019

chairman

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Koldingvej 2, Billund A/S

Statement by management on the annual report

The management has today discussed and approved the annual report of Koldingvej 2, Billund A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company's and the group's financial position at 31 December 2018 and of the results of the group's and the company's operations and consolidated cash flow for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Billund, 28 February 2019

Executive management

Søren Thorup Sørensen

Board of directors

Kjeld Kirk Kristiansen
chairman

Sidsel Marie Kristensen

Søren Thorup Sørensen

Independent auditor's report

To the shareholder of Koldingvej 2, Billund A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Koldingvej 2, Billund A/S for the financial year 1 January - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under 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 and the parent company's financial position at 31 December 2018 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Koldingvej 2, Billund A/S

Independent auditor's report

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Aarhus, 28 February 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Thomas Rosquist Andersen
State Authorised Public Accountant
MNE no. mne31482

Nikolaj Thomsen
State Authorised Public Accountant
MNE no. mne33276

Koldingvej 2, Billund A/S

Company details

The company

Koldingvej 2, Billund A/S
Koldingvej 2
7190 Billund

CVR no.: 16 63 26 35

Reporting period: 1 January - 31 December 2018

Domicile: Billund

Board of directors

Kjeld Kirk Kristiansen, chairman
Sidsel Marie Kristensen
Søren Thorup Sørensen

Executive management

Søren Thorup Sørensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus

Group chart

Parent Company

Koldingvej 2, Billund A/S

Consolidated group enterprises

94%

Nordvej Vest P/S
Kgs. Lyngby

94%

Nordvej Vest 2018 ApS
Kgs. Lyngby

Associates

25%

LEGO A/S
Billund

50%

CoC Office A/S
(CoC Playful Minds A/S)
Billund

Financial highlights

Seen over a 5-year period, the development of the group may be described by means of the following financial highlights:

	Group				
	2018	2017	2016	2015	2014
	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
Key figures					
Profit/loss					
Revenue	119	27	4	3	3
Profit from ordinary operating activities	-27	-279	-184	-67	-172
Income from investments in associates	2,011	1,945	2,355	2,291	1,755
Net financials	-147	358	381	120	232
Profit/loss for the year	1,835	2,023	2,551	2,344	1,804
Balance sheet					
Balance sheet total	14,831	13,797	11,633	10,236	7,244
Investment in property, plant and equipment	101	299	340	223	144
Equity	13,461	12,015	10,410	8,019	5,731
Financial ratios					
Solvency ratio	90.8%	87.1%	89.5%	78.3%	79.1%
Return on equity	14.4%	18.0%	27.7%	34.1%	32.1%

For definitions, see accounting policies.

In 2018 Koldingvej 2, Billund A/S invested in Nordvej Vest P/S and Nordvej Vest 2018 ApS, from which time the group enterprises have been consolidated with the parent company. The comparative figures for 2014-2017 include the parent company only.

Management's review

Business activities

Koldingvej 2, Billund A/S' activities primarily consist of financial investments, including the ownership of 25 percent of the shares in LEGO A/S.

Besides, the company in September 2017 opened the LEGO House, a 12,000-square meter experience house filled with 25 million LEGO bricks ready to give LEGO fans of all ages the ultimate LEGO experience.

Business review

The Koldingvej 2, Billund A/S' annual result for 2018, for the group and the parent company, amounted to DKK 1,835 million compared with DKK 2,023 million in 2017.

Total equity for the parent company as per 31 December 2018 amounted to DKK 13,456 million, compared to DKK 12,015 million the year before. The total equity for the group as per 31 December 2018 amounted to DKK 13,461 million, including a minority interest of DKK 5 million.

In 2018 Koldingvej 2, Billund A/S invested in Nordvej Vest P/S and Nordvej Vest 2018 ApS, that will build and rent collegial housing at DTU, Lyngby. As per 31 December 2018 operations have not yet started, and the investment in housing is included in tangible assets under construction.

The predominant contribution to the 2018 result is the DKK 2,011 million result from investment in associates, where the 25% share of result in the LEGO Group amounted to DKK 2,019 million (2017: DKK 1,952 million).

In 2018, the LEGO Group stabilised the business after a more challenging 2017 and delivered satisfactory modest top- and bottom-line growth. The LEGO Group increased revenue with 4% to DKK 36.4 billion and earnings with 3% to DKK 8.1 billion. The LEGO Group balance sheet and profitability remained satisfactory and the LEGO Group had strong operational cash flows of DKK 9.8 billion in 2018.

Return on the Koldingvej 2, Billund A/S' investment portfolio decreased compared to 2017, impacted by volatility in the financial markets, in a year characterised by global uncertainty. The return on the investment portfolio decreased to a negative return of -1.6% in 2018, compared to last year's return on investment of 5.2%.

During 2018 LEGO House had almost 250,000 paying guests and more than 500,000 visitors in total. Feedbacks on experiences are extremely positive.

Overall the management is satisfied with the financial result for Koldingvej 2, Billund A/S, despite the decrease in profit compared to last year, explained by the volatility in the financial markets.

Management's review

Except for the negative effect of the volatility in the financial markets, the financial result for 2018 is in line with the expectations for the financial year.

Expectations for 2019

Number of guests in the LEGO House is expected at the same level as in 2018, following the original expectations for the LEGO House business.

The LEGO Group expects that revenue will grow single-digits in 2019. The goal is considered achievable given the Group's focus on product innovation and growth outlook in established and emerging markets, such as China. The LEGO Group also plans to continue investing in initiatives to drive longer-term sustainable growth.

The overall result for Koldingvej 2, Billund A/S is expected to increase compared to the result for 2018, however the uncertainty for the financial markets must be considered.

Risks

Koldingvej 2, Billund A/S' risks primarily relate to the development in the financial markets, to the global markets where the LEGO Group is active and to the continued attractiveness of the LEGO House.

Research and development activities

Koldingvej 2, Billund A/S is not engaged in research and development activities, except for the development of the LEGO House activities.

Corporate responsibility

Koldingvej 2, Billund A/S strives to observe and maintain high ethical standards in all operations carried out by the company as well as when working with partners. The company wants to have a positive impact on its stakeholders and its surroundings.

The company's policy is to secure high standards for corporate responsibility in all its operations. The company supports the LEGO Group commitment to the United Nations Global Compact and the Responsibility Report, describing how the LEGO Group is working within the areas of human rights, labour standards, the environment and anticorruption.

The LEGO Group Responsibility Report 2018 is available at www.LEGO.com/da-dk/aboutus/responsibility.

Koldingvej 2, Billund A/S has adopted an investment policy that aim for investing responsibly, and in responsible companies, including to avoid investments in tobacco, armament, adult entertaining and gambling.

Management's review

Diversity policy

The board of directors has decided to follow the ambition in the parent, the LEGO Foundation, recognising the value of a diversified organisation and striving for a balance between genders, with a specific commitment to keeping a minority gender at 25 percent or higher. The current board of directors consist of two men and one woman, which is living up to the commitment.

Accounting policies

The annual report of Koldingvej 2, Billund A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are identical for both the parent company's financial statements and the consolidated financial statements.

The accounting policies applied are consistent with those of last year. As from 2018 a consolidated financial statement has been prepared. The comparative figures for the consolidated financial statements include the parent company only.

The annual report is presented in Danish kroner.

Basis of recognition and measurement

Income is recognised in the income statement when earned. Furthermore, all costs incurred to generate earnings for the year are recognised in the income statement, including depreciation, amortisation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group and the parent company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group and the parent company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Koldingvej 2, Billund A/S and group companies in which the parent company, directly or indirectly, holds more than 50% of the voting rights or in which the parent company otherwise has a controlling interest. Entities in which the group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, cf. the group chart.

Accounting policies

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Entities disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Minority interests

In the consolidated financial statements, the items of group enterprises are recognised in full. The minority interests' proportionate share of group enterprises profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

Income statement

Revenue

Revenue from services is recognised as revenue as the services are delivered.

Revenue from sale of goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the group's activities.

Other external expenses

Other external expenses include expenses related to facilities, sales, administration etc.

Employee expenses

Employee expenses include wages and salaries, pensions as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise the year's depreciation, amortisation and impairment of intangible and tangible assets.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts attributable to this financial year. Financial income and expenses consist of interest income and expenses, realised and unrealised gains and losses.

Income from investments in group enterprises and associates

The proportionate share of the profit/loss for the year of group enterprises is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

The proportionate share of the profit/loss for the year of associates is recognised in both the consolidated and the parent company's income statement after elimination of the proportionate share of intra-group profits/losses.

Tax on profit for the year

The company has opted to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of Koldingvej 2, Billund A/S is considered to have been earned by the LEGO Foundation if the taxable income is distributed as dividends to the LEGO Foundation.

Tax on profit for the year contains non-refundable withholding tax on received dividends.

Balance sheet

Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over 10 years, corresponding to the duration of the profit-making rent agreements to which the goodwill relates.

Tangible assets

Land and buildings, equipment and tangible assets under construction are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Accounting policies

	Useful life
Properties and installations	5-40 years
Equipment	3-10 years

Gains or losses from the disposal of property and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments in group enterprises and associates

Investments in group enterprises and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated.

Investments in group enterprises and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Stocks

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Impairment of assets

The carrying amount of intangible assets, property and equipment and investments in group enterprises and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Prepayments

Prepayments recognised under current assets comprises expenses incurred concerning subsequent financial years.

Accounting policies

Securities

Securities are measured at the market value at the balance sheet date if they are listed, or at an estimated fair value if they are not.

Cash

Cash comprises cash at bank and in hand.

Equity

Proposed dividends are disclosed as a separate item under equity.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Deferred income recognised under current liabilities comprises payments received concerning income in subsequent financial years.

Foreign currency translation

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

Derivative financial instruments

Derivative financial instruments are measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Fair value adjustments of derivative financial instruments are recognised in the income statement under financial income and expenses.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and the group's cash at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Accounting policies

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Financial highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
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Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
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Income statement 1 January - 31 December

	Note	Group		Parent Company	
		2018 t.DKK	2017 t.DKK	2018 t.DKK	2017 t.DKK
Revenue	1	118,816	27,141	118,816	27,141
Other operating income		0	6,145	0	6,145
Raw materials and consumables		-9,225	-1,585	-9,225	-1,585
Other external expenses		-57,462	-79,257	-57,417	-79,257
Gross profit		52,129	-47,556	52,174	-47,556
Employee expenses	2	-54,545	-16,524	-54,545	-16,524
Depreciation, amortisation and impairment losses		-24,230	-214,995	-24,230	-214,995
Profit from ordinary operating activities		-26,646	-279,075	-26,601	-279,075
Income from investments in group enterprises		0	0	-881	0
Income from investments in associates		2,011,495	1,945,355	2,011,495	1,945,355
Financial income		679,663	457,428	679,663	457,428
Financial expenses	3	-826,220	-99,762	-826,220	-99,762
Profit before tax		1,838,292	2,023,946	1,837,456	2,023,946
Tax on profit for the year		-2,582	-1,206	-2,582	-1,206
Profit before minority interests		1,835,710	2,022,740	1,834,874	2,022,740
Minority interests' share of net profit/loss of group enterprises		-836	0	0	0
Profit for the year		1,834,874	2,022,740	1,834,874	2,022,740
Distribution of profit	4				

Balance sheet 31 December

	Note	Group		Parent Company	
		2018 t.DKK	2017 t.DKK	2018 t.DKK	2017 t.DKK
Assets					
Goodwill		9,275	11,525	9,275	11,525
Intangible assets	5	9,275	11,525	9,275	11,525
Land and buildings		418,455	423,539	418,455	423,539
Equipment		52,056	54,766	52,056	54,766
Tangible assets under construction		87,252	0	2,041	0
Tangible assets	6	557,763	478,305	472,552	478,305
Investments in group enterprises	7	0	0	80,661	0
Investments in associates	8	5,445,407	5,187,162	5,445,407	5,187,162
Financial non-current assets		5,445,407	5,187,162	5,526,068	5,187,162
Total non-current assets		6,012,445	5,676,992	6,007,895	5,676,992
Raw materials and consumables		619	150	619	150
Finished goods and goods for resale		156	188	156	188
Stocks		775	338	775	338
Trade receivables		7,034	6,875	7,034	6,875
Receivables from group enterprises		931	6,145	931	6,145
Receivables from associates		23,235	6,194	23,235	6,194
Other receivables		98,075	86,003	98,075	86,003
Prepayments		153	329	132	329
Receivables		129,428	105,546	129,407	105,546
Current asset investments		8,647,611	7,985,484	8,647,611	7,985,484
Securities		8,647,611	7,985,484	8,647,611	7,985,484
Cash		40,572	29,088	39,714	29,088
Total current assets		8,818,386	8,120,456	8,817,507	8,120,456
Total assets		14,830,831	13,797,448	14,825,402	13,797,448

Balance sheet 31 December

	Note	Group		Parent Company	
		2018	2017	2018	2017
		t.DKK	t.DKK	t.DKK	t.DKK
Equity and liabilities					
Share capital		50,000	50,000	50,000	50,000
Reserve for net revaluation under the equity method		4,566,669	4,314,424	4,565,788	4,314,424
Retained earnings		4,839,340	7,265,961	4,840,221	7,265,961
Proposed dividend for the year		4,000,000	385,000	4,000,000	385,000
Minority interests		5,135	0	0	0
Total equity		13,461,144	12,015,385	13,456,009	12,015,385
Payables to group enterprises		282,726	808,906	282,726	808,906
Other payables		1,138	876	1,138	876
Total non-current liabilities	9	283,864	809,782	283,864	809,782
Trade payables		10,663	6,271	10,663	6,271
Payables to associates		3,748	887	3,748	887
Other payables		1,069,798	963,259	1,069,504	963,259
Deferred income	10	1,614	1,864	1,614	1,864
Total current liabilities		1,085,823	972,281	1,085,529	972,281
Total liabilities		1,369,687	1,782,063	1,369,393	1,782,063
Total equity and liabilities		14,830,831	13,797,448	14,825,402	13,797,448
Uncertainty in the recognition and measurement	11				
Contingencies, etc.	12				
Assets charged and security	13				
Financial instruments	14				
Related parties	15				
Fee to auditors appointed at the general meeting	16				

Statement of changes in equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Minority interests	Total
	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK
Equity at 1 January	50,000	4,314,424	7,265,961	385,000	0	12,015,385
Dividend paid	0	0	0	-385,000	0	-385,000
Additions for the year	0	0	0	0	4,299	4,299
Capital adjustments in associates	0	-9,250	0	0	0	-9,250
Net profit/loss for the year	0	2,011,495	-4,176,621	4,000,000	836	1,835,710
Dividends received from investments in associates	0	-1,750,000	1,750,000	0	0	0
Equity at 31 December	50,000	4,566,669	4,839,340	4,000,000	5,135	13,461,144

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	t.DKK	t.DKK	t.DKK	t.DKK	t.DKK
Equity at 1 January	50,000	4,314,424	7,265,961	385,000	12,015,385
Dividend paid	0	0	0	-385,000	-385,000
Capital adjustments in associates	0	-9,250	0	0	-9,250
Net profit/loss for the year	0	2,010,614	-4,175,740	4,000,000	1,834,874
Dividends received from investments in associates	0	-1,750,000	1,750,000	0	0
Equity at 31 December	50,000	4,565,788	4,840,221	4,000,000	13,456,009

Cash flow statement 1 January - 31 December

	Note	Group	
		2018 t.DKK	2017 t.DKK
Net profit/loss for the year		1,834,874	2,022,740
Adjustments	17	-1,658,055	-1,825,019
Change in working capital	18	89,223	896,277
Cash flows from operating activities		266,042	1,093,998
Purchase of property and equipment		-101,438	-298,720
Acquisition of securities, net		-990,501	-1,832,199
Dividends received from associates		1,750,000	1,750,000
Capital increase in associates		-6,000	-6,000
Cash flows from investing activities		652,061	-386,919
Change in payables to group enterprises		-526,180	-293,985
Change in other long-term payables		262	26
Minority interests		4,299	0
Dividend paid		-385,000	-385,000
Cash flows from financing activities		-906,619	-678,959
Change in cash for the year		11,484	28,120
Cash at 1 January		29,088	968
Cash at 31 December		40,572	29,088
Analysis of cash:			
Cash		40,572	29,088
Total cash		40,572	29,088

Notes

	Group		Parent Company	
	2018 t.DKK	2017 t.DKK	2018 t.DKK	2017 t.DKK
1 Revenue				
Segmentation by activity:				
Rental income	5,789	4,812	5,789	4,812
LEGO House activities	113,027	22,329	113,027	22,329
Total revenue	118,816	27,141	118,816	27,141
All revenue is related to Denmark.				
2 Employee expenses				
Wages and salaries	50,482	15,728	50,482	15,728
Pensions	2,969	661	2,969	661
Other social security costs	1,094	135	1,094	135
	54,545	16,524	54,545	16,524
Average number of employees	108	41	108	41
No remuneration has been paid to the executive management or the board of directors.				
3 Financial expenses				
Financial expenses, group entities	3,820	6,015	3,820	6,015
Other financial expenses	822,400	93,747	822,400	93,747
	826,220	99,762	826,220	99,762

Notes

	Group		Parent Company	
	2018 t.DKK	2017 t.DKK	2018 t.DKK	2017 t.DKK
4 Distribution of profit				
Proposed dividend for the year	4,000,000	385,000	4,000,000	385,000
Reserve for net revaluation under the equity method	2,011,495	1,945,355	2,010,614	1,945,355
Retained earnings	-4,176,621	-307,615	-4,175,740	-307,615
	<u>1,834,874</u>	<u>2,022,740</u>	<u>1,834,874</u>	<u>2,022,740</u>

5 Intangible assets**Group**

	Goodwill t.DKK
Cost at 1 January	22,500
Cost at 31 December	<u>22,500</u>
Impairment losses and amortisation at 1 January	10,975
Amortisation for the year	2,250
Impairment losses and amortisation at 31 December	<u>13,225</u>
Carrying amount at 31 December	<u>9,275</u>

The note is identical for the group and the parent company.

Notes

6 Tangible assets

Group

	Land and buildings	Equipment	Tangible assets under construction	Total
	t.DKK	t.DKK	t.DKK	t.DKK
Cost at 1 January	775,721	215,785	0	991,506
Additions for the year	7,979	6,207	87,252	101,438
Cost at 31 December	783,700	221,992	87,252	1,092,944
Depreciation and impairment losses at 1 January	352,182	161,019	0	513,201
Depreciation and impairment losses for the year	13,063	8,917	0	21,980
Depreciation and impairment losses at 31 December	365,245	169,936	0	535,181
Carrying amount at 31 December	418,455	52,056	87,252	557,763

Parent Company

	Land and buildings	Equipment	Tangible assets under construction	Total
	t.DKK	t.DKK	t.DKK	t.DKK
Cost at 1 January	775,721	215,785	0	991,506
Additions for the year	7,979	6,207	2,041	16,227
Cost at 31 December	783,700	221,992	2,041	1,007,733
Depreciation and impairment losses at 1 January	352,182	161,019	0	513,201
Depreciation and impairment losses for the year	13,063	8,917	0	21,980
Depreciation and impairment losses at 31 December	365,245	169,936	0	535,181
Carrying amount at 31 December	418,455	52,056	2,041	472,552

Notes

	Parent Company	
	2018	2017
	t.DKK	t.DKK
7 Investments in group enterprises		
Cost at 1 January	0	0
Additions for the year	81,542	0
Cost at 31 December	81,542	0
Revaluations at 1 January	0	0
Net profit/loss for the year	-881	0
Revaluations at 31 December	-881	0
Carrying amount at 31 December	80,661	0

	Group		Parent Company	
	2018	2017	2018	2017
	t.DKK	t.DKK	t.DKK	t.DKK
8 Investments in associates				
Cost at 1 January	872,738	866,738	872,738	866,738
Capital increase	6,000	6,000	6,000	6,000
Cost at 31 December	878,738	872,738	878,738	872,738
Revaluations at 1 January	4,314,424	4,151,819	4,314,424	4,151,819
Net profit/loss for the year	2,011,495	1,945,355	2,011,495	1,945,355
Received dividend	-1,750,000	-1,750,000	-1,750,000	-1,750,000
Capital adjustments	-9,250	-32,750	-9,250	-32,750
Revaluations at 31 December	4,566,669	4,314,424	4,566,669	4,314,424
Carrying amount at 31 December	5,445,407	5,187,162	5,445,407	5,187,162

Notes

9 Non-current liabilities

Group	Debt	Debt	Instalment next year	Debt
	at 1 January	at 31 December		outstanding after 5 years
	t.DKK	t.DKK		t.DKK
Payables to group enterprises	808,906	282,726	0	0
Other payables	876	1,138	0	248
	809,782	283,864	0	248

Parent Company	Debt	Debt	Instalment next year	Debt
	at 1 January	at 31 December		outstanding after 5 years
	t.DKK	t.DKK		t.DKK
Payables to group enterprises	808,906	282,726	0	0
Other payables	876	1,138	0	248
	809,782	283,864	0	248

In the parent company a convertible debt instrument has been issued that carries interest at 0.65% p.a. The loan is a bullet loan and interest-only until 1 January 2020 by which date it falls due for payment. The loan is partly or wholly convertible into shares in Koldingvej 2, Billund A/S. The loan is irredeemable for the lender whereas the borrower can redeem the loan wholly or partly with one day's notice. The loan is always redeemed at par.

10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Prepaid admission and events, LEGO House is DKK 1,614 thousand at 31 December 2018.

11 Uncertainty in the recognition and measurement

Measurements of the group's property, equipment and tangible assets under construction are subject to uncertainty. The group's property, equipment and tangible assets under construction are recognised at DKK 558 million after depreciation and impairment losses for the year of DKK 22 million. The measurements of property, equipment and tangible assets under construction are based on management's estimates. Assumptions used in estimates are subject to uncertainty but in conclusion, management is of the opinion that the estimates are based on sound and realistic assumptions.

Notes

12 Contingencies, etc.

The parent company has lease obligations totalling DKK 2 million.

Commitments for the parent company to participate in investments amount to no more than DKK 275 million.

Apart from the above the parent company and group enterprises have no contingent liabilities at the balance sheet date.

13 Assets charged and security

The parent company and group enterprises have no security provided or assets charged at the balance sheet date

14 Financial instruments

In the parent company a negative fair value of the forward exchange transaction of DKK 1,028 thousand is included in other payables. The forward exchange transaction is entered into to hedge the currency risk on other investments at a total of USD 16,320 thousand equivalent to DKK 106,428 thousand. The contract does not meet the requirements of being treated as hedge accounting and therefore the fair value is included under the income statement. The term of the forward exchange transaction is 4 months.

15 Related parties

Controlling interest

The parent, The LEGO Foundation, Billund has a controlling interest.

Transactions

All transactions with related parties are made on market terms.

Notes

	Group		Parent Company	
	2018	2017	2018	2017
	t.DKK	t.DKK	t.DKK	t.DKK
16 Fee to auditors appointed at the general meeting				
Deloitte:				
Audit fee	154	75	110	75
Other services	0	30	0	30
	<u>154</u>	<u>105</u>	<u>110</u>	<u>105</u>

	Group	
	2018	2017
	t.DKK	t.DKK
17 Cash flow statement - adjustments		
Depreciation, amortisation and impairment losses	24,230	214,995
Income from investments in associates	-2,011,495	-1,945,355
Minority interests' share of net profit/loss of group enterprises	836	0
Revaluation of securities	328,374	-94,659
	<u>-1,658,055</u>	<u>-1,825,019</u>

	Group	
	2018	2017
	t.DKK	t.DKK
18 Cash flow statement - change in working capital		
Change in stocks	-437	-338
Change in receivables	-23,882	42,897
Change in trade payables and other current liabilities	113,542	853,718
	<u>89,223</u>	<u>896,277</u>