

# **LEGO Juris A/S**

Koldingvej 2  
7190 Billund

CVR No. 28122454

## **Annual Report 2015**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 28 April 2016

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Conductor

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## Management's Statement

Today, Management has considered and adopted the Annual Report of LEGO Juris A/S for the financial year 1 January 2015 - 31 December 2015.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Billund, 28 April 2016

### Executive Board

Poul Hartvig Nielsen

### Board of Directors

Thomas Kirk Kristiansen  
Chairman

John Paul Goodwin

Søren Thorup Sørensen

## Independent Auditor's Report

To the shareholder of LEGO Juris A/S

### Report on the financial statements

We have audited the financial statements of LEGO Juris A/S for the financial year 1 January 2015 to 31 December 2015, which comprise the accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility for the financial statements

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

### Auditor's responsibility

Our responsibility is to express an opinion on the 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Entity's preparation of 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 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 qualifications.

### Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January 2015 to 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on 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 financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Aarhus, 28 April 2016

### Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Thomas Rosquist Andersen  
State Authorised Public Accountant

Nikolaj Thomsen  
State Authorised Public Accountant

## Company Information

<b>Company</b>	LEGO Juris A/S Koldingvej 2 7190 Billund
Telephone	75 33 88 33
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email	kirkbi@kirkbi.dk
CVR No.	28122454
Financial year	1 January 2015 - 31 December 2015
<b>Board of Directors</b>	Thomas Kirk Kristiansen, Chairman John Paul Goodwin Søren Thorup Sørensen
<b>Executive Board</b>	Poul Hartvig Nielsen
<b>Shareholders according to the Danish Companies Act</b>	KIRKBI Invest A/S, 7190 Billund, Denmark
<b>Group</b>	The annual report is included in the consolidated financial statement of the ultimate Parent KIRKBI A/S
<b>Auditors</b>	Deloitte Statsautoriseret Revisionspartnerselskab CVR-no.: 33963556

## Management's Review

### Primary activity

The company's objective is to own, administer and grant the right of use of all kinds of intellectual property rights, first and foremost trademarks.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2015 - 31 December 2015 shows a result of DKK 841 million and the Balance Sheet at 31 December 2015 a balance sheet total of DKK 1,735 million and an equity of DKK 1,290 million.

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

### Environmental performance

LEGO Juris A/S' activities do not have any material impact on environment as there is no other impact than consumption of resources for lighting and heating.

### Research and development activities

No research and development activities have been carried out in LEGO Juris A/S.

### Profit for the year compared to the expected development in the most recent published annual report

Profit for 2015 has met expectations.

### Corporate responsibility

For further information, please refer to the section 'Corporate Responsibility' in the management's review in the annual report of the ultimate Parent KIRKBI A/S.

### Events after the balance sheet date

No material events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

### Outlook

A positive development is expected in the company's activities for the coming year.

### Statement on the gender composition of management

The Board of Directors of LEGO Juris A/S has decided to follow the ambition of the Parent KIRKBI A/S to recruit one female board member over the next two years provided that such person has the right qualifications for the directorship.

The Board of Directors aims to reach the target figure by the end of 2017. At present the share of the underrepresented gender on the Board of Directors elected at the Annual General Meeting is 0%, which is unchanged compared to last year.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Key figures († DKK)					
Revenue	1,391,898	1,089,315	995,226	918,175	727,875
Profit from ordinary operating activities	1,099,603	803,259	661,071	587,928	400,971
Financial income	0	1,119	434	941	4,198
Financial expenses	-93	-45,037	-105	-10,436	-28,460
Profit for the year	841,125	561,067	515,343	433,808	282,519
Total assets	1,735,239	1,700,321	1,891,372	1,585,332	1,873,298
Total equity	1,289,922	1,348,797	1,587,730	1,072,388	638,580
Ratios (%)					
Return on equity	63.75	38.21	38.75	50.71	56.81
Return on capital employed	64.01	44.79	38.05	34.05	20.62
Solvency ratio	74.34	79.33	83.95	67.64	34.09
Average number of full-time employees					
	0	0	27	25	23

For definitions of key ratios, see Accounting Policies

## Accounting Policies

### Reporting Class

The Annual Report of LEGO Juris A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. There has been made minor reclassifications to the comparative figures.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

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.

## General Information

### 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 amortisation, impairment losses and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the 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 out of the company, and the value of the liability can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

## Income Statement

### Revenue

Licence and royalty income is recognised at the time where the underlying transaction was performed.

### Other external expenses

Other external expenses comprise administrative expenses.

### Amortisation of intangible assets

Amortisation of intangible assets is made on the basis of a current assessment of the useful lives of the assets. Intangible assets are amortised based at cost.

Amortisation is calculated over a period of 10 years using the straight-line method based on management's experience.

## Accounting Policies

	<b>Useful life</b>	<b>Residual value</b>
Trademark rights	10 years	0%

Profits or losses on disposal of intangible assets are recognised in the income statement under other operating income or expenses.

### 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 foreign exchange gains and losses.

### Tax on net profit for the year

Tax on profit for the year comprises current tax on the expected taxable income for the year and adjustments for the year of deferred tax less the portion of tax for the year which concerns changes in equity. Current and deferred tax relating to changes in equity is recognised directly in equity. The company and the Danish group enterprises are jointly taxed. The Danish income tax is allocated between profit-making and loss-making Danish companies in ratio to their taxable income.

## Balance Sheet

### Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

Impairment tests of acquired intangible assets are performed if there are indications of impairment. The impairment tests are made of each asset and group of assets, respectively. The assets are written down to the higher of the asset's or the group of assets' value in use and net selling price (recoverable amount) if this is lower than the carrying amount.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Cash

Cash comprises cash at bank

### Equity

Proposed dividend for the year is recognised as a separate item in equity.

### Deferred tax

Deferred tax and adjustment for the year are measured in accordance with the balance-sheet liability method of all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the amount at which they are expected to be utilised, either by setting off tax on future earnings or by a set-off against deferred tax liabilities in enterprises within the same legal tax entity and jurisdiction.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered.

### Financial liabilities

Liabilities are measured at amortised cost, usually equalling the nominal amount.

## Accounting Policies

### Current tax liabilities

Current tax liabilities are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Accounting policies Cash Flow Statement

No cash flow statement has been prepared as the company's annual report is included in the consolidated financial statements of KIRKBI A/S.

### Explanation of financial ratios

Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Return on capital employed (%)	$\frac{(\text{Operating profit/loss} + \text{Financial income}) \times 100}{\text{Average assets}}$
Solvency ratio (%)	$\frac{\text{Total equity} \times 100}{\text{Total liabilities and equity}}$

## Income Statement

	Note	2015 † DKK	2014 † DKK
Revenue	1	1,391,898	1,089,315
Other external expenses		-44,295	-32,098
<b>Gross result</b>		<b>1,347,603</b>	<b>1,057,217</b>
Amortisation of intangible assets		-248,000	-253,958
<b>Profit from ordinary operating activities</b>		<b>1,099,603</b>	<b>803,259</b>
Financial income	2	0	1,119
Financial expences		-93	-45,037
<b>Profit before tax</b>		<b>1,099,510</b>	<b>759,341</b>
Tax on profit for the year		-258,385	-198,274
<b>Profit</b>		<b>841,125</b>	<b>561,067</b>
Proposed dividend recognised in equity		900,000	900,000
Retained earnings		-58,875	-338,933
		<b>841,125</b>	<b>561,067</b>

## Balance Sheet as of 31 December

	Note	2015 † DKK	2014 † DKK
<b>Assets</b>			
Trademark rights	3	496,000	744,000
<b>Intangible assets</b>		<b>496,000</b>	<b>744,000</b>
<b>Fixed assets</b>		<b>496,000</b>	<b>744,000</b>
Receivables from group enterprises		1,217,284	937,798
Short-term receivables from associates		21,663	17,237
Other receivables		253	341
<b>Receivables</b>		<b>1,239,200</b>	<b>955,376</b>
<b>Cash</b>		<b>39</b>	<b>945</b>
<b>Current assets</b>		<b>1,239,239</b>	<b>956,321</b>
<b>Assets</b>		<b>1,735,239</b>	<b>1,700,321</b>

## Balance Sheet as of 31 December

	Note	2015 † DKK	2014 † DKK
<b>Liabilities and equity</b>			
Share capital	4	10,000	10,000
Retained earnings	5	379,922	438,797
Proposed dividend recognised in equity	6	900,000	900,000
<b>Equity</b>		<b>1,289,922</b>	<b>1,348,797</b>
Provisions for deferred tax		109,094	167,365
<b>Provisions</b>		<b>109,094</b>	<b>167,365</b>
Short-term part of long-term liabilities		0	864
Trade payables		5	0
Payables to group enterprises		9,367	9,991
Tax payables		316,429	172,261
Other payables		10,422	1,043
<b>Short-term liabilities</b>		<b>336,223</b>	<b>184,159</b>
<b>Liabilities</b>		<b>336,223</b>	<b>184,159</b>
<b>Liabilities and equity</b>		<b>1,735,239</b>	<b>1,700,321</b>
Contingent liabilities	7		
Assets charged and security	8		
Related parties	9		

**Notes**

(Amounts in t DKK)

	2015	2014
<b>1. Revenue</b>		
Licence income and royalty income	1,391,898	1,089,315
	<b>1,391,898</b>	<b>1,089,315</b>
As license and royalty income accounts for 100 %, no geographic segmentation has been made.		
<b>2. Financial income</b>		
Finance income from group enterprises	0	1,104
Other finance income	0	15
	<b>0</b>	<b>1,119</b>
<b>3. Trademark rights</b>		
Cost at the beginning of the year	2,623,000	2,623,000
<b>Cost at the end of the year</b>	<b>2,623,000</b>	<b>2,623,000</b>
Amortisation at the beginning of the year	-1,879,000	-1,625,042
Amortisation for the year	-248,000	-253,958
<b>Amortisation at the end of the year</b>	<b>-2,127,000</b>	<b>-1,879,000</b>
<b>Carrying amount at the end of the year</b>	<b>496,000</b>	<b>744,000</b>
<b>4. Share capital</b>		
Balance at the beginning of the year	10,000	10,000
<b>Balance at the end of the year</b>	<b>10,000</b>	<b>10,000</b>
The share capital consists of: 2 shares of t DKK 5,000		
The share capital has remained unchanged for the last 5 years.		
<b>5. Retained earnings</b>		
Balance at the beginning of the year	438,797	777,730
Additions during the year	-58,875	-338,933
<b>Balance at the end of the year</b>	<b>379,922</b>	<b>438,797</b>
<b>6. Proposed dividend for the financial year</b>		
Balance at the beginning of the year	900,000	800,000
Dividend paid to shareholders	-900,000	-800,000
Additions during the year	900,000	900,000
<b>Balance at the end of the year</b>	<b>900,000</b>	<b>900,000</b>

## Notes

### **7. Contingent liabilities**

The company has lease commitments relating to cars of a total of † DKK 234.

The company is part of a joint taxation arrangement in which the parent, KIRKBI A/S is the management company. Therefore, the company is jointly and severally liable for tax on the group's joint taxation income, etc., including surcharges and interest. Also, the company is jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax, including surcharges and interest, to which the jointly taxed entities are liable. Any subsequent changes in corporate income taxes and withholding taxes may imply that the company becomes liable to pay tax.

Apart from the above, there are no contingent liabilities.

### **8. Assets charged and security**

The company has provided a payment guarantee of † DKK 123.

Apart from the above, there are no security provided or assets charged at the balance sheet date.

### **9. Related parties**

The Parent KIRKBI Invest A/S and the ultimate Parent KIRKBI A/S have a controlling interest.