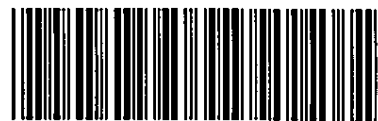


LEGO Lifestyle International Limited
(Registered Number: 2949553)

Annual report and financial statements

For the year ended 31 December 2007

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LEGO Lifestyle International Limited

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LEGO Lifestyle International Limited

Directors and advisors

Directors	PT Kjaer (Chairman) RY Rasmussen (appointed 29 January 2007) B Bertelsen (resigned 29 January 2007)
Company Secretary	M Popp
Independent Auditors	PricewaterhouseCoopers LLP Chartered accountants and Registered Auditors 9 Greyfriars Road Reading Berkshire RG1 1JG
Solicitors	Clifford Chance 100 Upper Bank Street London E14 5JJ
Registered Office	Capital Point 33 Bath Road Slough, Berkshire SL1 3UF

LEGO Lifestyle International Limited

Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2007

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Principal activities

Using the registered trade name of LEGO Licensing International, the principal activity is to co-ordinate the non-media outbound licensing activities of the LEGO Group. The activities themselves have from 2002 been performed by LEGO employees based in Denmark. As the remaining contract still resides in the LEGO Lifestyle International legal entity, all income and costs associated with licensing activity are transferred to LEGO Lifestyle International Limited by the Danish company.

Results and dividends

The profit for the year amounted to £149,375 (2006 £106,016). The directors do not recommend the payment of a dividend (2006 £nil) and the profit for the year has therefore been added to reserves.

The result for the year shows a pre-tax profit of £212,770 (2006 £151,452) for the year and turnover of £40,694 (2006 £26,588).

The company has net current assets of £3,665,330 (2006 £3,515,955).

The directors are satisfied with the company's performance and the results of its activities during the current year.

There are no expected changes to the principal activities of the business.

Financial risks

As the primary income for this company is from a licensing contract, there is a risk that negative performance from the licensee can affect the results in a negative way.

Directors

The names of the present directors of the company are shown on page 1.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

LEGO Lifestyle International Limited

Directors' report for the year ended 31 December 2007 continued

Statement of directors' responsibilities (continued)

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that


- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board


M Popp
Company Secretary

23rd June 2008

LEGO Lifestyle International Limited

Independent Auditors' report to the members of LEGO Lifestyle International Limited

We have audited the financial statements of LEGO Lifestyle International Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

LEGO Lifestyle International Limited

Independent Auditors' report to the members of LEGO Lifestyle International Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

4 July 2008

LEGO Lifestyle International Limited

Profit and loss account for the year ended 31 December 2007

	<i>Notes</i>	2007 £	2006 £
Turnover	2	40,694	26,588
Gross profit		40,694	26,588
Administrative expenses		(19,389)	(23,276)
Operating profit	3	21,305	3,312
Interest receivable and similar income	6	191,465	148,140
Profit on ordinary activities before taxation		212,770	151,452
Tax on profit on ordinary activities	7	(63,395)	(45,436)
Retained profit for the financial year	11,12	149,375	106,016

The above activities all relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

There are no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented

LEGO Lifestyle International Limited

Balance sheet as at 31 December 2007

	<i>Notes</i>	2007 £	2006 £
Current assets			
Debtors	8	35,147	18,750
Cash at bank and in hand		3,710,514	3,533,057
		3,745,661	3,551,807
Creditors: amounts falling due within one year	9	(80,331)	(35,852)
Net current assets		3,665,330	3,515,955
Total assets less current liabilities		3,665,330	3,515,955
Capital and reserves			
Called up share capital	10	2,100,000	2,100,000
Profit and loss account	11	1,565,330	1,415,955
Equity shareholders' funds	12	3,665,330	3,515,955

The financial statements on page 6 to 12 were approved by the board of directors on 23rd June 2008 and signed on its behalf by



PT Kjaer
Director

LEGO Lifestyle International Limited

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

a Basis of preparation

These financial statements are prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

b Turnover

Turnover represents income from royalties whereby manufacturers sell products labelled with the LEGO brand. Turnover excludes VAT and is recognised on the date that the licensee sells the labelled goods.

c Cash flow statement

The company is exempt under the provisions of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" from the requirement to prepare a cash flow statement, being a wholly owned subsidiary within the LEGO A/S group whose financial statements are publicly available and include a cashflow within which this entity's cashflows are consolidated.

d Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

e Foreign Currency Policy

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

f Related parties

The company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 "Related Party Disclosure" paragraph 3 (c) related parties disclosure from disclosing transactions with related parties that are part of the LEGO A/S group, being a wholly owned subsidiary of that group company.

LEGO Lifestyle International Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Turnover

	2007 £	2006 £
Europe	38,741	19,705
Middle East	1,261	4,102
Other	692	2,781
	40,694	26,588

The company has only one principal activity, therefore no further analysis of turnover or profit before tax between classes of business is required. Turnover is shown by destination.

3 Operating profit

	2007 £	2006 £
Operating loss is stated after charging/(crediting):		
Auditors' remuneration - audit services	11,540	8,039

4 Staff costs

The average weekly number of employees during the year was nil (2006: nil). No staff costs were incurred during the year (2006: nil).

5 Directors' emoluments

The directors' emoluments are paid by LEGO System A/S (2006: £nil). No fees are paid in relation to services performed for LEGO Lifestyle International Limited (2006: £nil).

6 Interest receivable and similar income

	2007 £	2006 £
Bank interest	190	147
Other interest		
	191	148

LEGO Lifestyle International Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Tax on profit on ordinary activities

a) Analysis of charge in year

	2007	2006
	£	£
Current tax:		
UK corporation tax at 30% (2006 30%)	63,395	45,436
Total current tax charge	63,395	45,436
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax charge on profit on ordinary activities	63,395	45,436

b) Factors affecting the tax charge for the year:

The tax assessed for the year is the same as (2006 same as) the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	212,770	151,452
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	63,831	45,436
Over accrual of prior year corporation tax payable	(436)	-
Total current tax charge	63,395	45,436

The tax charge in future years may be affected by the availability of group relief from other affiliates for which no payment is made

LEGO Lifestyle International Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Debtors

	2007 £	2006 £
Amounts owed by fellow subsidiary undertakings	32,949	17,284
Other debtors	2,198	1,466
	35,147	18,750

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Corporation tax	74,831	33,964
Accruals and deferred income	5,500	1,888
	80,331	35,852

10 Called up share capital

	2007 Number	2007 £	2006 Number	2006 £'000
Authorised				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000
Redeemable ordinary shares of £1 each	3,000,000	3,000,000	3,000,000	3,000,000
	3,500,000	3,500,000	3,500,000	3,500,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Redeemable ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	2,100,000	2,100,000	2,100,000	2,100,000

The £1 redeemable ordinary shares are redeemable at the company's option, at par, at any time. They carry the same voting rights, rights to dividends and priority on a winding up as the ordinary shares.

LEGO Lifestyle International Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Reserves

	Profit and loss account £
At 1 January 2007	1,415,955
Retained profit for the financial year	149,375
At 31 December 2007	1,565,330

12 Reconciliation of movements in equity shareholders' funds

	2007 £	2006 £
Opening equity shareholders' funds as at 1 January	3,515,955	3,409,939
Retained profit for the financial year	149,375	106,016
Closing equity shareholders' funds as at 31 December	3,665,330	3,515,955

13 Ultimate parent undertaking and ultimate controlling party

The company is wholly owned by LEGO Park Holding U K Limited, a company incorporated in the United Kingdom

The ultimate parent undertaking is considered to be LEGO A/S. The smallest group that consolidates the results of the company is LEGO System A/S and largest group that consolidates the results of the company is LEGO A/S. Copies of the financial statements of LEGO A/S are publicly available from Erhvervs og Selskabsstyrelsen, Kampmannsgade 1, DK-1780 Copenhagen V, Denmark

In the directors' opinion, the company's ultimate controlling party is the Kirk Kristiansen family