

LUNDBECKFOND INVEST A/S

ANNUAL REPORT 2017

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CHAIRMAN OF THE MEETING

LENE SKOLE



LUNDBECKFONDEN



CONTENTS AND COMPANY INFORMATION

Contents

Company information	2
Key figures	3
Management review	4
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes	9
Management statement	29
Independent Auditor's Report	30

Company information

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OWNER

Lundbeckfond Invest A/S is 100% owned by Lundbeckfonden

BOARD OF DIRECTORS

Jørgen Huno Rasmussen, Chairman
 Steffen Kragh, Vice Chairman
 Gunhild Waldemar
 Lars Holmqvist
 Michael Kjær
 Peter Schütze
 Susanne Krüger Kjær
 Henrik Sindal Jensen
 Peter Adler Würtzen
 Vagn Flink Møller Pedersen

EXECUTIVE MANAGEMENT

Lene Skole

AUDITOR

Deloitte Statsautoriseret Revisionspartnerselskab

KEY FIGURES

DKKm	2017	2016	2015	2014	2013
Dividends from subsidiaries	357	20	149	401	295
Financial items, net	475	1,056	1,186	2,024	885
Gross profit from investment activities	735	574	1,751	2,723	1,456
Profit for the year	695	554	1,537	2,607	1,430
Equity	18,190	17,830	17,276	16,739	14,953
Total assets	18,990	18,385	17,832	17,174	15,338
KEY FIGURES					
Return on equity	3.9%	3.2%	9.0%	16.5%	9.7%

For the definition of the key figure, please see note 16.

MANAGEMENT REVIEW

PURPOSE

The purpose of Lundbeckfond Invest A/S is to operate within production, sale and investment business, including investments in other companies.

Lundbeckfond Invest A/S manages holding and investment activities for Lundbeckfonden and is the majority shareholder of ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, LFI Equity A/S, and LFI Silva Investments A/S. LFI Silva Investments A/S which has been established in 2017, is without activity at year end.

Portfolio investments are managed by three departments: Invest, Lundbeckfonden Ventures and Lundbeckfonden Emerge.

FINANCIAL RESULT AND FINANCIAL POSITION

2017 opened with significant stock price increases and the upward stock market momentum continued all year.

The investment portfolio of bonds, credits, equities and real assets managed by Invest generated a return of DKK 994m (DKK 643m). Listed equity generated the highest return amounting to DKK 515m (DKK 570m). A significant part of this result stemmed from the holding of shares in FLSmith & Co. which gave a return of DKK 404m (DKK 312m).

Credits and private equities generated returns of DKK 240m (DKK 15m) and 211m (DKK 20m), respectively. Real assets, bonds, etc. realised a return of DKK 28m (DKK 38m) primarily attributable to gains on real assets.

Lundbeckfonden Ventures recorded a net gain of DKK 752m (loss of DKK 96m) primarily driven by sale of three portfolio companies and IPOs of four companies.

Furthermore, the result was negatively impacted by impairment of the investment in Falck of DKK 1,369m.

Profit for the year amounted to DKK 695m (DKK 554m). At year end the equity amounted to DKK 18,190m (DKK 17,830m at 31 December 2016).

OUTLOOK

The financial performance of Lundbeckfond Invest A/S depends on the developments in the commercial activities and dividend policies of ALK, Falck and Lundbeck as well as the returns provided by the portfolio investments generated by Invest, Lundbeckfonden Ventures and Lundbeckfonden Emerge. Returns provided by Invest depend on trends in the financial markets whereas returns provided by Ventures and Emerge also depend on the developments of products, etc. in the portfolio companies.

For the year 2018, we expect continued high market volatility over the year and a positive return of our investment activities. However, this statement is based on current expectations and are by nature subject to a number of uncertainties that could cause actual results and performance to differ materially from the expectations.

MANAGEMENT REVIEW

RISK FACTORS

The most important risks relate to the business risks of the subsidiaries and the portfolio investments.

Business and financial risks associated with the operation and performance of the company's three subsidiaries, Lundbeck, ALK, and Falck are most effectively managed within each business. Consequently, the management at the individual subsidiaries each define their own risk management policies and procedures.

The parent company is represented on the Board of Directors of each subsidiary and monitors the business performance of the subsidiaries closely. Descriptions of their approaches to risk management are given by each of the subsidiaries in their own annual report.

Reports on business and risk-related issues are provided monthly to the company's Board of Directors.

The Board defines the company's investment policy, while compliance with the policy is monitored by the Investment Committee.

The company manages its market risk of its portfolio investments by having maximum limits for its exposure to individual asset classes and their underlying assets. This policy covers the whole portfolio, including investments by Ventures and Emerge.

To manage interest rate risk, limits for the duration of bond investments are defined. Derivative financial instruments such as swaps, options and forward contracts are used for risk management purposes and as an alternative to buying the underlying assets. The investment policy governs the use of such instruments regarding maturity, quantity and counter-party requirements.

Weekly portfolio performance reports are prepared for the CEO and monthly detailed reporting is prepared for the Board of Directors.

ENVIRONMENTAL CONSIDERATIONS

Please refer to the section below regarding Corporate Social Responsibility.

CORPORATE SOCIAL RESPONSIBILITY

With respect to our statutory statement on social responsibility in accordance with section 99a of the Danish Financial Statements Act, please refer to the consolidated CSR Report 2017 for Lundbeckfonden on www.lundbeckfonden.com/csr-report.

In accordance with section 99b of the Danish Financial Statements Act, the Board of Directors of Lundbeckfond Invest A/S has obtained equal representation; consequently, we have no need to either set or report on a target.

INCOME STATEMENT

FOR THE PERIOD 1 JANUARY – 31 DECEMBER



DKKm	Note	2017	2016
Dividend from subsidiaries		357	20
Fair value adjustments associates		-97	-502
Financial income	1	3,629	1,761
Financial expenses	2	-3,154	-705
Gross profit from investment activities		735	574
Other income		1	1
Staff costs	3	-26	-23
Other external costs		-11	-9
Profit before tax		699	543
Tax on profit for the year	4	-4	11
Profit for the year	5	695	554

BALANCE SHEET

AT 31 DECEMBER, ASSETS

DKKm	Note	2017	2016
Investments in subsidiaries	6	6,794	7,116
Receivables from subsidiaries	6	1,238	554
Investments in associates	7	866	963
Receivables from associates	7	81	49
Financial assets, Invest	8	7,347	7,429
Financial assets, Lundbeckfonden Ventures and Emerge	8	2,327	1,822
Deferred tax assets	4	35	14
Financial assets		18,688	17,947
Non-current assets		18,688	17,947
Receivables from affiliates		1	20
Income tax receivables		90	-
Other receivables		30	32
Receivables		121	52
Cash and bank balances		181	386
Current assets		302	438
Assets		18,990	18,385

BALANCE SHEET

AT 31 DECEMBER, EQUITY AND LIABILITIES

DKKm	Note	2017	2016
Share capital	10	450	450
Retained earnings		17,391	17,045
Proposed dividend		349	335
Equity		18,190	17,830
Other provisions		160	62
Non-current liabilities		160	62
Payables to affiliates		268	44
Income tax payables		-	9
Repo debt		187	381
Other payables		185	59
Current liabilities		640	493
Liabilities		800	555
Equity and liabilities		18,990	18,385
Financial risks and financial instruments	9		
Share capital	10		
Lease obligations	11		
Contractual obligations	12		
Guarantees, contingent liabilities and collaterals	13		
Related parties	14		
Group overview	15		
Accounting policies	16		
Events after the balance sheet date	17		

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

DKKm	Note	Share capital	Retained earnings	Proposed dividend	Equity
Equity at 1 January 2017		450	17,045	335	17,830
Paid dividend				-335	-335
Profit/(loss) for the year	5		346	349	695
Equity at 31 December 2017		450	17,391	349	18,190

DKKm	Note	Share capital	Retained earnings	Proposed dividend	Equity
Equity at 1 January 2016		450	16,826	-	17,276
Paid dividend				-	-
Profit/(loss) for the year	5		219	335	554
Equity at 31 December 2016		450	17,045	335	17,830

NOTE 1-3

1. Financial income

DKKm	2017	2016
Exchange gains	19	132
Interest on financial assets measured at fair value	49	33
Interest on receivables from subsidiaries	28	36
Interest on receivables from associates	9	6
Dividends	108	109
Gains on financial assets measured at fair value	3,416	1,445
Total financial income	3,629	1,761

2. Financial expenses

DKKm	2017	2016
Exchange losses	698	38
Interest expenses	8	7
Losses on financial assets measured at fair value	1,077	657
Impairment of investments in subsidiaries	1,369	2
Other financial expenses	2	1
Total financial expenses	3,154	705

3. Staff costs

DKKm	2017	2016
Short-term staff benefits	28.1	24.8
Received from subsidiaries	-2.8	-2.5
Pension benefits	0.6	0.6
Other social security costs	0.1	0.1
Total staff costs	26.0	23.0
Average number of full-time employees during the year	15	14
Number of employees at year-end	15	14

In 2010, Lundbeckfond Invest A/S established an incentive program for Lundbeckfonden Ventures. The incentive program adjustment in 2017 amounted to an expense of DKK 98m (an income of DKK 32m in 2016). The cost related to the program is not recognised as staff cost before the payment takes place, due to uncertainty about the amount and if and when the payment will become payable. The cost has been recognised in the income statement under financial items and in the balance sheet as a provision.

Remuneration of the Executive Management and the Board of Directors:

DKKm	2017	2016
Remuneration of the Executive Management (excluding remuneration received from subsidiaries)	3.8	3.7
Remuneration of the Board of Directors, including committee fees (excluding remuneration received from subsidiaries)	1.5	1.1

Members of the Executive Management and Board of Directors, who also serve as board members in subsidiaries, receive board remuneration directly from the subsidiaries. For a complete description, see the consolidated financial statements in the annual report 2017 of Lundbeckfonden, note 4.

NOTE 4-6

4. Tax on profit/(loss) for the year

DKKm	2017	2016
Current tax	23	17
Prior-year adjustments, current tax	2	-35
Change in deferred tax for the year	-21	7
Tax on profit for the year	4	-11

Deferred taxes relate to provision regarding incentive programs.

Lundbeckfond Invest A/S expects to use section 3(4) of the Danish Corporation Tax Act ("trans-parensreglen") for the tax return regarding 2017. Consequently, the company will be granted a tax deduction corresponding to the proposed dividend.

Lundbeckfond Invest A/S are jointly taxed with ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, LFI Silva Investments A/S, and Insusense ApS, and their respective Danish subsidiaries.

5. Proposed distribution of profit

DKKm	2017	2016
Dividend	349	335
Retained earnings	346	219
Profit for the year	695	554

6. Investments in and receivables from subsidiaries

DKKm	Investments in subsidiaries		Receivables from subsidiaries	
	2017	2016	2017	2016
Cost at 1 January	7,116	7,116	554	161
Additions	1,047	-	1,238	393
Disposals	-	-	-554	-
Cost at 31 December	8,163	7,116	1,238	554

DKKm	Investments in subsidiaries		Receivables from subsidiaries	
	2017	2016	2017	2016
Impairment at 1 January	-	-	-	-
Impairment	-1,369	-	-	-
Impairment at 31 December	-1,369	-	-	-
Carrying amount at 31 December	6,794	7,116	1,238	554

Subsidiaries, DKKm	Profit for the year 2017	Equity at 31 December 2017	City	Ownership
H. Lundbeck A/S (consolidated)	2,624	12,181	Valby	69.0%
ALK-Abelló A/S (consolidated)	-158	3,290	Hørsholm	40.3%
Falck A/S (consolidated)	-3,682	3,130	Copenhagen	57.4%
LFI Equity A/S	-9	1,020	Copenhagen	100.0%
LFI Silva Investments A/S ¹	-	16	Copenhagen	97.0%

¹⁾ The company was established on 12 December 2017 and the first annual report includes the period 12 December 2017 - 31 December 2018

See note 15 for an overview of all subsidiaries.

IMPAIRMENT TESTING

The investment in Falck has been tested for impairment by comparing the expected future income in Falck with the carrying value of the investment. The test resulted in an impairment of the investment in Falck of DKK 1,369m.

The recoverable amounts of the company's shares in other companies were greater than the carrying value so no impairment has been identified.

In 2016, the tests did not identify impairments of investments in subsidiaries.

NOTE 7-8

7. Investments in and receivables from associates

DKK m	Investments in associates		Receivables from associates	
	2017	2016	2017	2016
Cost at 1 January	878	815	46	-
Additions	-	63	41	46
Disposals	-	-	-	-
Cost at 31 December	878	878	87	46
Adjustments at 1 January	85	588	3	-
Fair value adjustments	-97	-503	-9	3
Adjustments at 31 December	-12	85	-6	3
Carrying amount at 31 December	866	963	81	49

Associates, DKK m	Profit for the year 2017	Equity at 31 December 2017	City	Ownership
Obel-LFI Ejendomme A/S	-1	544	Copenhagen	50%
Veloxis Pharmaceuticals A/S	-59	33	Hørsholm	41%

8. Financial assets

The financial investments classified as financial assets at fair value through profit or loss primarily relate to investment activities in Invest, Ventures, and Emerge. These investments are made based on an investment strategy and policies approved by the Board of Directors.

Financial assets, Invest, DKK m	2017	2016
Carrying amount at 1 January	7,429	7,457
Additions	1,529	1,040
Disposals	-2,096	-1,587
Value adjustments, year-end	485	519
Carrying amount at 31 December	7,347	7,429

Financial assets, Ventures and Emerge, DKK m	2017	2016
Carrying amount at 1 January	1,822	1,275
Additions	415	396
Disposals	-852	-203
Value adjustments, year-end	942	354
Carrying amount at 31 December	2,327	1,822

Fair value hierarchy for financial assets and liabilities, measured at fair value Level 1 includes financial assets for which the fair value is measured based on quoted prices in active markets for identical assets. Level 2 includes financial assets and liabilities for which the fair value is measured based on directly or indirectly observable inputs other than the quoted prices included in level 1. Level 3 includes financial assets and liabilities for which the fair value is measured based on valuation methods which include inputs not based on observable market data.

At 31 December 2017, investments in associates included in Lundbeckfondens investment strategy amount to DKK 557m (DKK 988m at 31 December 2016). The associates are either not individually material or do not public financial statements. Consequently, financial information about the associates are not disclosed.

NOTE 8

8. Financial assets (continued)

The requirements for reclassifications between the levels are evaluated continually during the year. For the individual financial assets and liabilities, it is evaluated whether the most critical input variable in connection with determination of fair value has changed from unobservable to observable or the other way around. If this is the case the asset or liability is reclassified from the recent level to the new level from the time, where the change in input variable occurs.

Financial assets and liabilities measured at fair value

31 December 2017, DKKm	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit or loss			
Danish mortgage and government bonds	281	-	-
Credit bonds	812	-	1,359
Listed equities	5,813	-	-
Property and infrastructure	221	-	256
Lundbeckfonden Ventures and Emerge	927	-	1,922
Private equity funds and other unlisted funds	-	12	256
Financial assets at fair value	8,054	12	3,793
Financial liabilities			
Derivative financial instruments	-	172	-
Financial liabilities at fair value	-	172	-
The financial assets are specified as follows:			
Receivables from subsidiaries	-	-	1,238
Investments in associates	610	-	256
Receivables from associates	-	-	81
Financial assets, Invest	6,958	12	377
Financial assets, Lundbeckfonden Ventures and Emerge	486	-	1,841
Financial assets at fair value	8,054	12	3,793

Financial assets and liabilities measured at fair value

31 December 2016, DKKm	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit or loss			
Danish mortgage and government bonds	386	-	-
Credit bonds	681	-	586
Listed equities	5,323	-	-
Property and infrastructure	364	-	198
Lundbeckfonden Ventures and Emerge	554	-	1,871
Private equity funds and other unlisted funds	-	42	812
Derivative financial instruments	-	7	-
Financial assets at fair value	7,308	49	3,467
Financial liabilities			
Derivative financial instruments	-	47	-
Financial liabilities at fair value	-	47	-

Financial liabilities

Derivative financial instruments	-	47	-
Financial liabilities at fair value	-	47	-
The financial assets are specified as follows:			
Receivables from subsidiaries	-	-	554
Investments in associates	765	-	198
Receivables from associates	-	-	49
Financial assets, Invest	6,543	42	844
Financial assets, Lundbeckfonden Ventures and Emerge	-	-	1,822
Other receivables	-	7	-
Financial assets at fair value	7,308	49	3,467

Financial assets measured at fair value according to level 3, DKKm

	2017	2016
Carrying amount at 1 January	3,467	2,536
Additions	1,781	880
Disposals	-2,265	-184
Reclassification, from level 3 to level 1 in connection with IPO's	-565	-12
Fair value adjustment	1,375	247
Carrying amount at 31 December	3,793	3,467

NOTE 8

8. Financial assets (continued)

Applied valuation methods for the determination of fair value of the majority of the separate categories above are as follows:

	Valuation method used	Used unobservable inputs	Sensitivity in fair value in case of changes in unobservable inputs
Danish mortgage and government bonds	Closing prices according to exchange markets	N/A	N/A
Credit bonds	Closing prices according to exchange markets	Expected discounted cash flow	N/A
Listed equities	Closing prices according to exchange markets	N/A	N/A
Property and infrastructure	Closing prices according to exchange markets or the capitalisation model	Required rates on return 5.0-5.5% or cost if under construction	If required rate of return is reduced by 0.25pp the fair value will be increased by DKK 32m
Lundbeckfonden Ventures and Emerge	Closing prices according to exchange markets for level 1 and price of recent transactions for level 3	Capital injections made at different prices	N/A
Private equity funds and other unlisted funds	Closing prices according to exchange markets and valuation methods based on International Private Equity and Venture Capital Valuation Guidance	Trading multiples or expected discounted cash flow	If closing prices according to exchange markets for a peer group increase by 1% the fair value will be increased by DKK 2m
Derivative financial instruments	Fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves. Fair value of foreign exchange contracts is determined using forward exchange rate at the balance sheet date. Fair value for share and index options is primarily based on closing prices according to exchange markets	N/A	N/A

NOTE 9

9. Financial risks and financial instruments

The company's business activities imply that the income statement and the balance sheet may be affected by various financial risks. The management of these risks is based on the investment strategy, policies and guidelines approved by the Board of Directors and Investment Committee.

The policies applicable to Invest aim for an appropriate diversification of investments on different asset classes and geographical markets in order to achieve an appropriate diversification of interest rate, exchange rate, credit and equity risks on the financial investments. The purpose of the policies is to reduce the risk of losses but also to retain the prospect of gaining a long-term return on the investments.

9.1 CREDIT RISKS

Credit risks primarily relate to investment in bonds and other unlisted funds investing in loans to businesses.

In order to limit the credit risk, a large proportion of this asset class has been invested in Danish government and mortgage bonds with a high credit rating. To achieve a higher return, the company has also invested in corporate bonds.

9.2 EQUITY RISKS

Equity risks relate to the company's holding of listed and unlisted shares, including private equity funds as part of the company's investment operations. Most of these investments are placed in listed shares.

To limit the risk of losses on these shares, the investments are diversified on different geographical regions and sectors in accordance with the applicable investment policy. Derivative financial instruments are used to manage the equity risk.

Other things being equal, a 10% decrease/increase in equity prices would reduce/increase profits by DKK 432m and DKK 325m respectively (reduce by DKK 631m and increase by DKK 480m at 31 December 2016).

9.3 EXCHANGE RATE RISKS

Exchange rate risks arise because the company's expenses and income in different currencies do not match and because the company's assets and liabilities denominated in foreign currency do not balance. Therefore, risk management is focused on risk mitigation.

The company applies various derivative financial instruments to manage these risks. The hedging contracts do not meet the heading criteria and therefore they are classified as trading contracts, and changes in the fair value are recognised as financial items as they arise.

Monetary assets for the principal currencies at 31 December, DKKm	2017	2016
CHF	44	81
EUR	1,447	1,341
GBP	606	600
JPY	141	76
USD	4,162	3,602

Estimated impact on profit and equity from a 5% increase in year-end exchange rates of the most important currencies:

DKKm	CHF	GBP	JPY	USD
2017				
Profit	2	30	7	208
Equity	2	30	7	208
2016				
Profit	4	30	4	180
Equity	4	30	4	180

The profit impact is included in the impact on equity.

NOTE 9

9. Financial risks and financial instruments (continued)

Due to Denmark's long-standing fixed exchange rate policy against euro and the expected continuation of this policy, the foreign currency risk for euro is considered immaterial, and euro is therefore not included in the table above.

9.4 INTEREST RATE RISKS

The duration of the investments when selecting financing and investment instruments is used to manage the interest rate risk. In addition, the company uses derivative financial instruments to mitigate the interest rate exposure. The use of financial instruments to manage interest rate risk does not qualify for hedge accounting, and the changes in fair value are therefore recognised as financial items in the income statement.

The portfolio of bonds has a duration of -0.4 year (-1.7 year at 31 December 2016). Other things being equal, an increase of 1 %-point in interest rates would increase the company's profit by DKK 8m (DKK -22m at 31 December 2016).

The company has an interest rate swap for managing interest rate exposure on portfolio investments.

NET OUTSTANDING INTEREST RATE SWAPS AND OPTIONS

Share contracts, DKKm	Contractual value	Gains/losses recognised in the income statement	Market value 31 December	Expiry
2017				
Options on indices	-2,794	-360	-151	Mar 2018
Options on shares	-95	5	-	May 2019
Share contracts	-2,889	-355	-151	

2016				
Options on indices	-2,710	92	-23	Jan 2017
Options on shares	-32	13	7	May 2019
Share contracts	-2,742	105	-16	

Interest rate swap, DKKm	Contractual value	Gains/losses recognised in the income statement	Fixed interest rate	Expiry
2017				
Fixed to floating	600	-4	1.1%	May 2025
Interest rate swap		-4		

2016				
Fixed to floating	600	-32	1.1%	May 2025
Interest rate swap		-32		

NOTE 9

9. Financial risks and financial instruments (continued)

CATEGORIES AND MATURITY DATES FOR FINANCIAL ASSETS AND LIABILITIES

31 December 2017, DKKm	Less than 1 year	1-5 years	More than 5 years	Total	Effective interest rate
Financial assets					
Securities					
Danish mortgage and government bonds	26	199	56	281	0 - 4%
Credit bonds	20	1,311	840	2,171	6 - 11%
Receivables from sale of portfolio companies	86	442	96	624	
Financial assets at fair value through profit or loss	132	1,952	992	3,076	
Receivables	121	-	-	121	-
Other cash resources	181	-	-	181	-1 - 1%
Loans and receivables	302	-	-	302	
Total financial assets	434	1,952	992	3,378	
Financial liabilities					
Derivatives included in the trading portfolio					
Derivatives included in the trading portfolio	172	-	-	172	-
Financial liabilities at fair value through profit or loss	172	-	-	172	
Mortgage, bank, leasing and repo debt	187	-	-	187	-
Other payables including payables to affiliates	281	-	-	281	-
Financial liabilities, measured at amortised cost	468	-	-	468	
Total financial liabilities	640	-	-	640	

31 December 2016, DKKm	Less than 1 year	1-5 years	More than 5 years	Total	Effective interest rate
Financial assets					
Derivatives included in the trading portfolio					
Derivatives included in the trading portfolio	7	-	-	7	-
Securities					
Danish mortgage and government bonds	-	241	145	386	0 - 4%
Credit bonds	48	554	665	1,267	6 - 11%
Financial assets at fair value through profit or loss	55	795	810	1,660	
Receivables	45	603	-	648	-
Other cash resources	386	-	-	386	-1 - 1%
Loans and receivables	431	603	-	1,034	
Total financial assets	486	1,398	810	2,694	
Financial liabilities					
Derivatives included in the trading portfolio					
Derivatives included in the trading portfolio	47	-	-	47	-
Financial liabilities at fair value through profit or loss	47	-	-	47	
Mortgage, bank, leasing and repo debt	381	-	-	381	-
Other payables including payables to affiliates	65	-	-	65	-
Financial liabilities, measured at amortised cost	446	-	-	446	
Total financial liabilities	493	-	-	493	

NOTE 10-14

10. Share capital

DKKm	2017	2016
Share capital at 1 January	450	450
Share capital at 31 December	450	450

The share capital consists of 450,000 shares of DKK 1,000. The shares are not divided in classes.

The share capital has remained unchanged within the last 5 years.

11. Lease obligations

DKKm	2017	2016
Due within one year	3	3
Total	3	3

12. Contractual obligations

Lundbeckfond Invest A/S has contractual capital contribution obligations amounting to DKK 176m at 31 December 2017 (DKK 217m at 31 December 2016).

13. Guarantees, contingent liabilities and collaterals

Lundbeckfond Invest A/S has placed pro rata guarantee of payment as collateral for selected loan facilities at Obel-LFI Ejendomme A/S. The collateral amounted to DKK 260m at 31 December 2017 (DKK 260m at 31 December 2016).

Bonds in repo business have been provided as collateral for repo debt, and other bonds and bank balances have been provided as collateral for hedging transactions. The value of bonds and bank

balances provided as collateral at 31 December 2017 amounted to DKK 385m (DKK 452m at 31 December 2016).

JOINT TAXATION

Lundbeckfond Invest A/S are jointly taxed with ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, LFI Silva Investments A/S, and Insusense ApS, and their respective Danish subsidiaries. As from 2013 financial year, the companies have partly a joint and several liability and partly a secondary liability with respect to income taxes etc. for the jointly-taxed companies. As from 1 July 2012, the companies in the tax pool have partly a joint and several liability and partly a secondary liability with respect to any obligations to withholding tax on interests, royalties and dividends for the jointly-taxed companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the companies directly or indirectly owned by Lundbeckfond Invest A/S.

14. Related parties

Related parties exercising controlling interest on Lundbeckfond Invest A/S:

- Lundbeckfonden, Scherfigsvej 7, 2100 Copenhagen Ø, Denmark

Related parties exercising significant influence on Lundbeckfond Invest A/S:

- The Board of Directors and Executive Management
- Companies in which the company's Executive Management and Board of Directors exercise controlling interest

Lundbeckfond Invest A/S has not entered into any transactions with related parties that were not on an arm's length basis.

CONSOLIDATED FINANCIAL STATEMENTS

Lundbeckfond Invest A/S is included in the consolidated financial statements for the parent foundation Lundbeckfonden, Copenhagen, Denmark, Business Registration No. 11 81 49 13.

NOTE 15

15. GROUP OVERVIEW

Company name	Country	Ownership
Subsidiaries		
H. Lundbeck A/S	Denmark	69%
ALK-Abelló A/S	Denmark	40% (67% of the votes)
Falck A/S	Denmark	57%
LFI Equity A/S	Denmark	100%
LFI Silva Investments A/S	Denmark	97%
- LFI Silva Investments Ltd	United Kingdom	100%
Associates of Lundbeckfond Invest A/S		
Acacia Pharma Ltd (1)	United Kingdom	27%
DySIS Medical Ltd. (1)	United Kingdom	43%
IO Biotech ApS (1)	Denmark	31%
NMD Pharma A/S (1)	Denmark	32%
Obel-LFI Ejendom A/S	Denmark	50%
SNIPR Biome ApS (1)	Denmark	22%
Veloxis Pharmaceuticals A/S	Denmark	41%
VHsquared Ltd. (1)	United Kingdom	29%
Subsidiaries of H. Lundbeck A/S		
Lundbeck Argentina S.A.	Argentina	100%
Lundbeck Australia Pty Ltd, including - CNS Pharma Pty Ltd	Australia	100%
Lundbeck Austria GmbH	Austria	100%
Lundbeck S.A.	Belgium	100%
Lundbeck Brasil Ltda.	Brazil	100%
Lundbeck Canada Inc.	Canada	100%
Lundbeck Chile Farmacéutica Ltda.	Chile	100%
Lundbeck (Beijing) Pharmaceuticals Consulting Co., Ltd	China	100%
Lundbeck Colombia S.A.S.	Colombia	100%
Lundbeck Croatia d.o.o.	Croatia	100%
Lundbeck Czech Republic s.r.o.	Czech Republic	100%
Lundbeck China Holding A/S, Denmark, including - Lundbeck Pharmaceuticals Consulting (Shanghai) Co., Ltd. (under liquidation)	China	100%

Company name	Country	Ownership
Lundbeck Export A/S	Denmark	100%
Lundbeck Insurance A/S	Denmark	100%
Lundbeck Pharma A/S	Denmark	100%
Lundbeck Eesti A/S	Estonia	100%
OY H. Lundbeck AB	Finland	100%
Lundbeck SAS	France	100%
Sofipharm SA, including - Laboratoire Elaiapharm SA	France	100%
Lundbeck GmbH	Germany	100%
Lundbeck Hellas S.A.	Greece	100%
Lundbeck HK Limited	Hong Kong	100%
Lundbeck Hungária KFT	Hungary	100%
Lundbeck India Private Limited	India	100%
Lundbeck (Ireland) Ltd.	Ireland	100%
Lundbeck Israel Ltd.	Israel	100%
Lundbeck Italia S.p.A.	Italy	100%
Lundbeck Pharmaceuticals, Italy S.p.A., including - Archid S.a.	Italy	100%
Lundbeck Japan K. K.	Luxembourg	100%
Lundbeck Korea Co., Ltd.	Japan	100%
SIA Lundbeck Latvia	Republic of Korea	100%
UAB Lundbeck Lietuva	Latvia	100%
Lundbeck Malaysia SDN. BHD.	Lithuania	100%
Lundbeck México, SA de CV	Malaysia	100%
Lundbeck B.V.	Mexico	100%
Lundbeck New Zealand Limited	Netherlands	100%
H. Lundbeck AS	New Zealand	100%
Lundbeck Pakistan (Private) Limited	Norway	100%
Lundbeck America Central S.A.	Pakistan	100%
Lundbeck Peru S.A.C.	Panama	100%
Lundbeck Philippines Inc.	Peru	100%
Lundbeck Business Service Centre Sp.z.o.o.	Philippines	100%
Lundbeck Poland Sp.z.o.o.	Poland	100%
Lundbeck Portugal - Produtos Farmacéuticos Unipessoal Lda	Poland	100%
	Portugal	100%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
Lundbeck Romania SRL	Romania	100%
Lundbeck RUS OOO	Russia	100%
Lundbeck Singapore PTE. LTD.	Singapore	100%
Lundbeck Slovensko s.r.o.	Slovakia	100%
Lundbeck Pharma d.o.o.	Slovenia	100%
Lundbeck South Africa (Pty) Limited, including	South Africa	100%
- H. Lundbeck (Proprietary) Limited	South Africa	100%
Lundbeck España S.A.	Spain	100%
H. Lundbeck AB	Sweden	100%
Lundbeck (Schweiz) AG	Switzerland	100%
Lundbeck İlaç Ticaret Limited Şirketi	Turkey	100%
Lundbeck Group Ltd. (Holding), including	United Kingdom	100%
- Lundbeck Limited	United Kingdom	100%
- Lundbeck Pharmaceuticals Ltd.	United Kingdom	100%
- Lifehealth Limited, including	United Kingdom	100%
- Lundbeck UK LLP (2)	United Kingdom	100%
Lundbeck USA Holding LLC, including	United States	100%
- Lundbeck LLC, including	United States	100%
- Chelsea Therapeutics International, Ltd., including	United States	100%
- Lundbeck NA Ltd	United States	100%
- Lundbeck Pharmaceuticals Services, LLC	United States	100%
- Lundbeck Research USA, Inc.	United States	100%
Lundbeck de Venezuela, C.A.	Venezuela	100%

Company name	Country	Ownership
Subsidiaries of ALK-Abelló A/S		
ALK-Abelló Nordic A/S	Denmark	100%
ALK-Abelló Ltd.	United Kingdom	100%
ALK-Abelló S.A.	France	100%
ALK-Abelló Arzneimittel GmbH	Germany	100%
ALK-Abelló Allergie-Service GmbH	Austria	100%
ALK-Abelló AG	Switzerland	100%
ALK AG (in liquidation)	Switzerland	100%
ALK ilaç ve Alerji Ürünleri Ticaret Anonim Şirketi	Turkey	100%
ALK-Abelló B.V.	Netherlands	100%
ALK-Abelló S.A., including	Spain	100%
- ALK-Abelló S.p.A.	Italy	100%
ALK-Abelló sp. z.o.o.	Poland	100%
ALK-Abelló, Inc., including	United States	100%
- OKC Allergy Suppliers Inc.	United States	100%
ALK-Abelló, Source Materials, Inc., including	United States	100%
- OKC Crystal Laboratory Inc.	United States	100%
ALK-Abelló Pharmaceuticals, Inc.	Canada	100%
ALK Medical Consulting Services Company Limited	China	100%
ALK Slovakia s.r.o.	Slovakia	100%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
Subsidiaries of Falck A/S		
Ambulance		
Falck Pty. Ltd.	Australia	55%
Falck Ambulance Services Australia Pty. Ltd.	Australia	100%
Falck Investments Pty. Ltd.	Australia	100%
Falck Safety Services Australia Pty. Ltd.	Australia	100%
Falck (Victoria) Pty. Ltd.	Australia	100%
Falck Benelux NV	Belgium	49%
Falck Investments NV	Belgium	88%
Falck Brasil AVD Participações Ltda.	Brazil	100%
Falck Brasil 747 Participações Ltda.	Brazil	100%
Falck Chile Holding S.A.	Chile	100%
Falck Safety Services Limitada	Chile	100%
Falck Capacitacion Limitada	Chile	100%
BHM Solutions Integrales de Logistica en Salud S.A.S.	Colombia	100%
Haces Inversiones y Servicio S.A.S.	Colombia	100%
Empresa de Medicina Integral EMI S.A. Servicio de Ambulancia Prepagada - Grupo EMI S.A.	Colombia	100%
Servicio Emergencias Regional SER S.A.	Colombia	100%
Falck CZ a.s.	Czech Republic	93%
Falck Emergency a.s.	Czech Republic	100%
Falck Global A/S	Denmark	100%
Falck Fire Services A/S	Denmark	100%
Falck Danmark A/S	Denmark	100%
Falck Emergency A/S	Denmark	100%
Falck Luftambulance A/S	Denmark	100%
Falck Air Ambulance A/S	Denmark	50%
Traffilog Nordic ApS (3)	Denmark	49%
Global Life Care A/S (3)	Denmark	40%
Life Care One A/S	Denmark	100%
KPC Ejendomme af 6. juni 2002 A/S (3)	Denmark	25%
Responce A/S	Denmark	100%
EMI Ecuador S.A. - Emergencia Medica Integral	Ecuador	100%
EMI El Salvador S.A. de C.V.	El Salvador	100%
9Lives Group Oy	Finland	51%

Company name	Country	Ownership
9Lives Care Oy	Finland	100%
9Lives Health Oy	Finland	100%
9Lives Oy	Finland	100%
HES Hoiva Oy	Finland	100%
HES Ensihoito Oy	Finland	100%
9Lives Pirkanmaa Oy	Finland	100%
9Lives Team Oy	Finland	100%
Luumänen Ensihoito Oy	Finland	100%
Sairaankuljetus A. Järvenpää Oy	Finland	100%
Falck Rettungsdienst GmbH	Germany	90%
G.A.R.D. Verwaltungsgesellschaft für Ambulanz und Rettungsdienst mbH	Germany	100%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Cuxhaven GmbH	Germany	100%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg West mbH	Germany	100%
GUARD Hospital Service GmbH	Germany	100%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Bremen mbH	Germany	100%
ASN-Ambulanz-Service-Nord GmbH	Germany	100%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst Hamburg-Ost GmbH	Germany	100%
G.A.R.D. Arbeitsgemeinschaft Rettungsdienst Dresden GmbH	Germany	100%
G.A.R.D. ArGe Rettungsdienst Dresden GmbH & Co. oHG	Germany	100%
G.A.R.D. Gemeinnützige Ambulanz und Rettungsdienst GmbH	Germany	100%
GUARD Gesellschaft für unabhängige ambulante Rettungsdienstleistungen GmbH	Germany	100%
G.A.R.D. Gesellschaft für Ambulanz und Rettungsdienst NRW GmbH	Germany	100%
K&G Taxi-Krankentransporte und Dienstleistungs GmbH	Germany	80%
G.A.R.D. Beteiligungsgesellschaft für Ambulanz und Rettungsdienst GmbH	Germany	100%
Ostsee-Ambulanz-Kiel GmbH	Germany	100%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
promedica Rettungsdienst GmbH	Germany	100%
RTD Consulting GmbH	Germany	100%
ASG Ambulanz Leipzig GmbH	Germany	100%
Falck Arbeitsgemeinschaft Rettungsdienst Plauen GmbH & Co. oHG	Germany	100%
promedica Rettungsdienst Bremehaven/Bremen GmbH	Germany	100%
promedica Rettungsdienst Waldeck-Frankenberg GmbH & Co. KG	Germany	70%
Euro-Med Einkaufsgemeinschaft GmbH	Germany	100%
promedica Services GmbH	Germany	100%
G.A.R.D. Ambulanzflugdienst GmbH	Germany	50%
Falck Notfallrettung und Krankentransport GmbH	Germany	100%
KS-Medi-Service GmbH	Germany	100%
Brava Holding GmbH	Germany	100%
First Ambulance Services Sdn. Bhd.	Malaysia	51%
Falck Services Ltd.	Mauritius	100%
Falck Holding B.V.	Netherlands	100%
Falck Prevention B.V.	Netherlands	100%
Prevention & Safety B.V. (3)	Netherlands	49%
Falck Eurasia B.V.	Netherlands	100%
Falck Russia Holding B.V. (3)	Netherlands	49%
Falck Safety Services Nigeria Ltd.	Nigeria	51%
Falck Emergency Norway AS	Norway	100%
Falck Brann og Redningstjeneste AS	Norway	100%
EMI Holdings Management S.A.	Panama	100%
EMI Foreign Holdings 1 S.A.	Panama	100%
EMI Foreign Holdings 2 S.A.	Panama	100%
EMI Foreign Holdings 3 S.A.	Panama	100%
EMI Foreign Holdings 4 S.A.	Panama	100%
EMI Central America Holding S.A.	Panama	80%
EMI Panama S.A.	Panama	100%
Falck Medycyna Sp. z.o.o.	Poland	100%
Starowka Sp. z.o.o.	Poland	76%
Falck SCI Portugal - Segurança Contra Incêndios S.A	Portugal	100%
Falck Medical Vladivostok LLC	Russia	100%

Company name	Country	Ownership
Falck SK a.s.	Slovakia	98%
Falck Emergency AS	Slovakia	51%
Falck Záchraná a.s.	Slovakia	100%
Falck Academy s.r.o	Slovakia	100%
Falck Healthcare a.s.	Slovakia	100%
Falck Pharma s.r.o.	Slovakia	100%
Falck South Africa Holding (PTY) Ltd.	South Africa	100%
Falck VL Servicios Sanitarios S.L.	Spain	75%
Sauper S.A.	Spain	100%
Falck Lanka (Pvt) Ltd. (3)	Sri Lanka	50%
Falck Sverige Holding AB	Sweden	100%
Falck Ambulans AB	Sweden	95%
Falck Services AB	Sweden	100%
Svensk Sjöambulans AB	Sweden	50%
MoPi.ch Holding AG	Switzerland	51%
MoPi.ch GmbH	Switzerland	100%
Küch Falck AG	Switzerland	60%
Falck Medical Services LLC	United Arab Emirates	49%
Falck UK Ltd.	United Kingdom	100%
Falck EMS UK Ltd.	United Kingdom	100%
Falck UK Ambulance Service Ltd.	United Kingdom	100%
Hospital & Healthcare Cars Ltd.	United Kingdom	100%
National Independent Ambulance College Ltd.	United Kingdom	100%
First Response Ambulance Services Ltd.	United Kingdom	100%
Medical Services Contractors Ltd.	United Kingdom	100%
Falck India Ltd.	United Kingdom	100%
Luvtel S.A.	Uruguay	100%
UCM Uruguay S.A.	Uruguay	100%
Portovenus S.A.	Uruguay	16%
Falck USA Inc.	United States	100%
Falck Arizona Corp.	United States	100%
FCA Corp.	United States	89%
Care Ambulance Service, Inc.	United States	100%
Falck EMS Corp.	United States	99%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
Lifestar Response of Alabama, Inc.	United States	100%
Medibus, Inc.	United States	100%
STAT Equipment Corp.	United States	100%
Bi-County Ambulance & Ambulette Transport Services Corp.	United States	100%
Falck Northeast Corp.	United States	100%
Lifestar Response of Maryland, Inc.	United States	100%
Home Care Equipment, Inc.	United States	100%
Robinson's Ambulance & Oxygen Service, Inc.	United States	100%
Falck Southeast Corp.	United States	96%
Falck Southeast II Corp.	United States	97%
Cape Cod Medical Enterprises, Inc.	United States	100%
American Ambulance, Inc.	United States	100%
Transitional Health Solutions, Inc.	United States	100%
Falck Northern California Corp.	United States	87%
Falck Northwest Corp.	United States	100%
Falck Rocky Mountain, Inc.	United States	100%
Rapid Response Emergency Services, LLC	United States	100%
Pulse EMS, LLC (3)	United States	50%
Emergencia Medica Integral EMI Centro S.A.	Venezuela	100%
Centro Medico Intergal CEMICA S.A.	Venezuela	100%

Company name	Country	Ownership
Healthcare		
Falck Health Care Holding A/S	Denmark	59%
Falck Healthcare A/S	Denmark	100%
VikTeam A/S	Denmark	100%
ActivCare Privat A/S	Denmark	100%
Sirculus ApS	Denmark	100%
Falck Healthcare CS Holding A/S	Denmark	100%
Falck Lægehuse A/S	Denmark	100%
Quick Care A/S	Denmark	100%
ActivCare A/S	Denmark	100%
Falck Helse AS	Norway	100%
Falck Health Care Holding AB	Sweden	100%
Falck Aktiv Arbetsmedicin AB	Sweden	100%
Falck Healthcare AB	Sweden	100%
Skandinavisk Hälsovård AB	Sweden	100%
Svensk Närsjukvård AB	Sweden	100%
Doc Care AB	Sweden	100%
Ofelia Vård AB	Sweden	100%
AB Previa	Sweden	100%
Silverhälsan AB	Sweden	100%
Inlandshälsan AB	Sweden	100%
Previa Sjukvård AB	Sweden	100%
Galleriva Husläkarmottagning AB	Sweden	100%
Falck Hälsopartner AB	Sweden	100%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
Assistance		
Falck Assistance A/S	Denmark	100%
S Reg Holding A/S	Denmark	100%
Falck Autoabi OÜ	Estonia	100%
Falck Investments Finland Oy Ab	Finland	100%
Falck Oy	Finland	100%
UAB Falck Lietuva	Lithuania	100%
Falck Norge Holding AS	Norway	100%
Falck Redning AS	Norway	100%
Falck Secure AS	Norway	100%
Falck Services AS	Norway	100%
Falck Investment Sverige AB	Sweden	100%
S Reg AB	Sweden	100%
Falck Secure AB	Sweden	100%
Falck Räddningskår AB	Sweden	100%
Falck Försäkringsaktiebolag	Sweden	100%
Global Assistance		
Falck Global Assistance (China) Ltd.	China	100%
Falck Global Assistance A/S	Denmark	100%
Falck Global Assistance Oy	Finland	100%
Falck India Pvt. Ltd. (India)	India	100%
Falck Services Pvt. Ltd. (India)	India	100%
Falck Global Assistance Norway AS	Norway	100%
Falck Global Assistance Singapore Pte. Ltd.	Singapore	100%
Falck Global Assistance Spain S.L.	Spain	100%
Falck Global Assistance AB	Sweden	100%
Falck Global Assistance (Thailand) Ltd.	Thailand	49%
Falck Global Assistance Ltd.	Thailand	100%
Falck Sağlik AŞ	Turkey	100%
Access Transport Services Holding, Inc.	United States	100%
Falck Global Assistance, LLC	United States	100%
Falck Risk Solutions, LLC	United States	60%
AccessOnTime Language Services, LLC	United States	100%

Company name	Country	Ownership
Industrial Firefighting		
Falck Fire Services BE NV	Belgium	100%
Falck Fire & Safety do Brasil S.A.	Brazil	65%
Falck France SAS	France	65%
Falck Fire Services DE GmbH	Germany	100%
Falck Operations Services DE GmbH	Germany	100%
Falck Servizi Industriali di Emergenza S.r.l.	Italy	65%
Falck B.V.	Netherlands	100%
Falck Consulting & Technology B.V.	Netherlands	100%
Falck Fire Services NL B.V.	Netherlands	100%
Falck Fire Services Polska Sp. z.o.o.	Poland	100%
Falck Fire Services S.R.L.	Romania	95%
Falck Fire Services Rus Limited Liability Company	Russia	100%
Falck Fire Services a.s.	Slovakia	100%
Falck Security Services s.r.o.	Slovakia	100%
Falck Emergency Spain, S.L.	Spain	65%
Falck SCI, S.A.	Spain	65%
Falck Räddningstjänst AB	Sweden	100%
Falck Fire Services CH AG	Switzerland	100%
Falck Fire Consulting Ltd.	United Kingdom	93%
Falck Fire Services UK Ltd.	United Kingdom	100%
Group		
Falck Treasury A/S	Denmark	100%

NOTE 15

15. GROUP OVERVIEW (CONTINUED)

Company name	Country	Ownership
Safety Services (discontinued operations)		
Falck Safety Services Holding A/S	Denmark	100%
Falck Safety Services A/S	Denmark	100%
Falck Nutec A/S	Norway	100%
Falck Safety Services Belgium BVBA	Belgium	100%
Falck Global Safety B.V.	Netherlands	100%
Falck Nutec B.V.	Netherlands	100%
Falck BHV Operations B.V.	Netherlands	100%
Aberdeen Drilling School Ltd.	United Kingdom	25%
Falck Nutec Ltd.	United Kingdom	100%
Falck Safety Services Canada Inc.	Canada	55%
Falck Safety Services Canada (NL) Inc.	Canada	100%
Falck Safety Services Canada (LA) Inc.	Canada	100%
Haztec Services St. Lucia Ltd.	St. Lucia	100%
Falck USA Holdings LLC	United States	100%
Alford Services Inc.	United States	100%
Alford Safety Services LLC	United States	100%
Falck Nutec Brasil Participacoes Ltda.	Brazil	100%
Falck Nutec Brasil Treinamentos em Segurança Marítima Ltda.	Brazil	100%
Falck Safety Services de México S.A.P.I. de C.V.	Mexico	55%
Falck Safety Services Ltd.	Trinidad & Tobago	100%
Haztec Services Trinidad Ltd.	Trinidad & Tobago	100%
Falck Caspian Safe LLC	Azerbaijan	100%
Aberdeen Drilling International (Malaysia) Sdn. Bhd.	Malaysia	100%
MSTS Asia Sdn. Bhd.	Malaysia	70%
Risktec (M) Sdn. Bhd.	Malaysia	100%
Falck Bestari Healthcare Sdn. Bhd.	Malaysia	82%
Falck Nutec Malaysia Sdn. Bhd.	Malaysia	70%
Falck Safety Services Nigeria Ltd.	Nigeria	51%
Falck Prime Atlantic Ltd.	Nigeria	51%
Aberdeen Drilling International Co. LLC	Oman	70%

Company name	Country	Ownership
Falck Safety Services LLC	Qatar	49%
MSTS Asia (S'pore) Pte. Ltd.	Singapore	100%
Southfield Ltd.	Thailand	50%
Falck Nutec (Thailand) Ltd.	Thailand	65%
Aberdeen Drilling International Ltd.	United Arab Emirates	100%
Falck Safety Services LLC	United Arab Emirates	49%
Falck Nutec Vietnam Ltd.	Vietnam	88%

- (1) Associates recognised in *Financial assets - Lundbeckfonden Ventures and Emerge*
- (2) Lundbeck UK LLP is owned by Lundbeck Group Ltd. (Holding), Lundbeck Limited and Lifehealth Limited, all of which have H. Lundbeck A/S as the direct or ultimate parent company
- (3) Associates and joint ventures

NOTE 16

16. Accounting policies

The annual report for Lundbeckfond Invest A/S for 2017 has been prepared in accordance with the Danish Financial Statements Act for large enterprises of reporting class C.

The annual report is presented in Danish kroner (DKK), which is also the functional currency of Lundbeckfond Invest A/S. Amounts in DKK are rounded to the nearest DKK million.

The accounting policies are unchanged from last year.

CONSOLIDATED FINANCIAL STATEMENTS

With reference to section 112(1) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not prepared consolidated financial statements.

TRANSLATION OF FOREIGN CURRENCY

On initial recognition, transactions denominated in foreign currencies are translated at standard rates which approximate the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and the exchange rates at the date of payment are recognised in the income statement under financial items except in case of hedge accounting. In case of hedge accounting, such differences are recognised in the same item as the hedged item.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The differences between the exchange rates at the time of recognition and the exchange rates at the balance sheet date or settlement are recognised in the income statement under financial items in respect of unhedged items and under the same item in respect of hedged items.

FINANCIAL INSTRUMENTS

Forward exchange contracts, interest rate swaps, share options and other derivatives are initially recognised in the balance sheet at fair value on the contract date and subsequently remeasured at fair value at the balance sheet date. The fair value of derivatives is determined by applying recog-

nised measurement techniques, whereby assumptions are based on the market conditions prevailing on the balance sheet date. Positive and negative fair values are included in other receivables and other payables respectively.

Changes in the fair value of derivatives classified as hedging instruments and meeting the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivatives not qualifying for hedge accounting are recognised in the income statement under financial items as they arise.

INCOME STATEMENT

Financial items

Financial income and financial expenses comprise:

- Interest income and expenses for the year
- Realised and unrealised fair value adjustments of financial assets and liabilities including short-term securities that are included in the company's documented investment strategy
- Realised and unrealised gains and losses on unhedged financial items denominated in foreign currencies, forward contracts and other financial derivatives not used for hedge accounting
- Dividend from subsidiaries and associates
- Exchange gains and losses
- Other financial income and expenses

Interest income and expenses are accrued based on the principal and the effective rate of interest.

Other income

Other income comprise items of a secondary nature to the main investment activities of the company, including service fees.

NOTE 16

16. Accounting policies (continued)

Staff cost

Staff costs comprise salaries, pension and other social expenses and received remuneration from subsidiaries.

Other external costs

Other external costs comprise expenses for administration and investment activities including expenses for premises and depreciations.

With reference to section 96(3) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not disclosed fees to statutory auditors.

Tax

Danish subsidiaries are jointly taxed with Lundbeckfond Invest A/S as the administration company. The current Danish corporate income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Lundbeckfonden has the option to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of Lundbeckfond Invest A/S is considered to have been earned by Lundbeckfonden.

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the net profit or loss for the year.

Current tax for the year is calculated based on the income tax rates and rules applicable at the balance sheet date.

BALANCE SHEET

Investments in subsidiaries

Investments in subsidiaries are recognised at cost. Costs include the consideration at fair value plus direct acquisition costs.

If there is an indication of impairment, an impairment test is performed. Where the carrying amount exceeds the recoverable amount, the investments are written down to this lower value. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

Investments in associates

Investments in associates that are included in the company's investment strategy are recognised at fair value. Both realised and unrealised gains and losses are recognised in the income statement under financial items.

Other financial assets

Securities, that are included in the company's investment strategy in accordance with the fair value option of IAS 39 Financial Instruments: Recognition and Measurement, are recognised on the basis of the settlement date fair value and are subsequently measured at market price or estimated fair value at the balance sheet date. Bonds with a term to maturity of less than one year are recognised in current assets. Both realised and unrealised gains and losses are recognised in the income statement under financial items.

Financial assets are measured at fair value through the income statement, if they are included in the investment strategy.

Bonds forming part of repo transactions, i.e. the selling of bonds to be repurchased at a later date, remain in the balance sheet as financial assets, and the amount received on repo transactions is recognised as repo debt. Returns on such bonds are recognised under financial items.

NOTE 16

16. Accounting policies (continued)

The fair value of listed investments is calculated using market prices at the balance sheet date. The calculation of fair value of unlisted investments, including life science investments, is made in accordance with the International Private Equity and Venture Capital Valuation Guidelines, i.e. on the basis of relevant valuation methods based on comparable transactions on market conditions, capital increases and the like. If the fair value cannot be determined with sufficient reliability, the investments in question are recognised at cost less any impairment. At each balance sheet date, it is assessed whether there is objective evidence that an investment or a group of investments is impaired. Assessments of investments in unlisted equity instruments and securities, including life science investments, include an assessment of whether the companies live up to the defined business plans and the impact of any non-compliance on the calculation of fair value.

Receivables

Current receivables comprise other receivables arising in the company's normal course of business.

Other receivables recognized in financial assets are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less writedowns to counter the risk of loss calculated on the basis of an individual assessment. A provision account is used for this purpose.

Equity

Dividends are recognised as a liability at the time of adoption of the dividend resolution at the Annual General Meeting (time of declaration).

Corporate income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet, computed as tax calculated on the taxable income for the year, adjusted for provisional tax paid.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities and their tax base. However, deferred tax is not recognised on temporary differences arising either on initial recognition of goodwill or from a transaction that is not a business combination if the temporary difference ascertained at the time of the initial recognition affects neither the financial result nor the taxable income. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax assets are recognised in the balance sheet at the value at which the assets are expected to be realized, either through an offset against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

Balances calculated according to the provision of the Danish Corporate Tax Act on interest deductibility limitations are allocated between the jointly-taxed companies according to a joint taxation agreement and are allocated between the companies that are subject to deductibility limitation in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognised in the balance sheet, whereas deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Other provisions

Other provisions including provision regarding incentive schemes are recognised when the company has a legal or constructive obligation that arise from past events and it is probable that an outflow of financial resources will be required to settle the obligation. Other provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date.

Debt

Repo debt relates to bonds included in repo transactions. Repo debt is recognised at amortised cost, and accumulated repo interest has been accrued.

Other payables are measured at amortised cost.

NOTE 16-17

16. Accounting policies (continued)

CASH FLOW STATEMENT

With reference to section 86(4) of the Danish Financial Statements Act and the consolidated financial statements of Lundbeckfonden, Lundbeckfond Invest A/S has not prepared Cash Flow Statement.

KEY FIGURES

The key figures are calculated according to Danish Finance Society's Recommendations & Financial Ratios.

Return on equity: Profit for the year x 100 / Average equity

17. Events after the balance sheet date

No events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the annual report of Lundbeckfond Invest A/S for the financial year ended 31 December 2017.

The financial statements of Lundbeckfond Invest A/S have been prepared in accordance with the Danish Financial Statements Act.

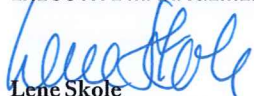
We consider the accounting policies used to be appropriate. Accordingly, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017, and of the company's activities for the financial year 1 January - 31 December 2017.

We believe that the Management's review includes a fair review of developments in the company's activities and finances, result for the year and the company's financial position in general.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 17 April 2018

EXECUTIVE MANAGEMENT



Lene Skole


BOARD OF DIRECTORS



Jørgen Hano Rasmussen
Chairman



Michael Kjær




Henrik Sindal Jensen
Elected by the employees



Steffen Kragh
Vice Chairman



Peter Schütze




Peter Adler Würtzen
Elected by the employees



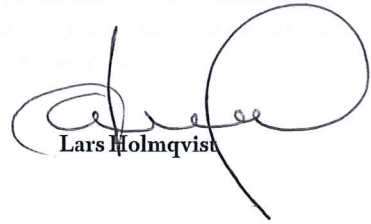
Gunhild Waldemar



Susanne Krüger Kjær



Vagn Flink Møller Pedersen
Elected by the employees



Lars Holmqvist

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LUNDBECKFOND INVEST A/S

Opinion

We have audited the financial statements of Lundbeckfond Invest A/S for the financial year 1 January – 31 December 2017, which comprise the income statement, balance sheet, equity statement, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of Lundbeckfond Invest A/S' financial position at 31 december 2017 and of the results of its operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements* section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing Lundbeckfond Invest A/S ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate Lundbeckfond Invest A/S or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Lundbeckfond Invest A/S internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Lundbeckfond Invest A/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 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 Lundbeckfond Invest A/S to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 the management review

Management is responsible for the management review.

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

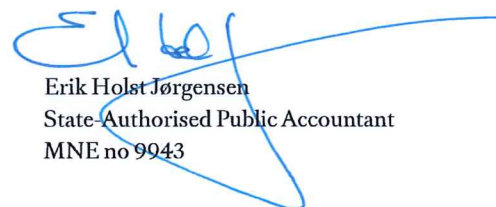
In connection with our audit of the financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially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

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

Based on the work we have performed, we conclude that the management review is in accordance with the 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 the management review.

Copenhagen, 17 April 2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Erik Holst Jørgensen
State-Authorised Public Accountant
MNE no 9943