

Lundbeck Export A/S

Central Business Registration No

26256275

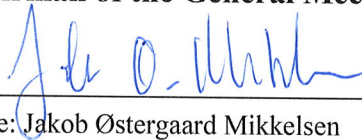
Ottiliavej 9

DK-2500 Valby

Annual Report 2017

The Annual General Meeting approved the annual report on 16.04.2018

Chairman of the General Meeting



Name: Jakob Østergaard Mikkelsen

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Entity details

Entity

Lundbeck Export A/S

Ottiliavej 9

DK-2500 Valby

Central Business Registration No: 26256275

Registered in: Copenhagen

Financial year: 01.01.2017 - 31.12.2017

Phone: +45 36301311

Board of Directors

Jacob Tolstrup, Chairman

Morten Bryde Hansen, Deputy Chairman

Joao Carlos Nunes Rocha

Herman Santoni Ramos

Henrik Agerbæk-Larsen

Executive Board

Herman Santoni Ramos, Chief Executive Officer

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

DK-0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lundbeck Export A/S for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 16.04.2018

Executive Board



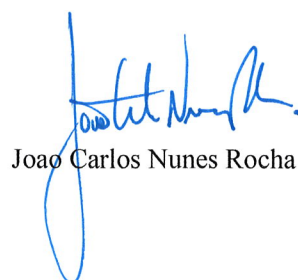
Herman Santoni Ramos
Chief Executive Officer

Board of Directors




Jacob Tolstrup
Chairman

Morten Bryde Hansen
Deputy Chairman



Joao Carlos Nunes Rocha



Herman Santoni Ramos

Henrik Agerbæk-Larsen

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Chief Executive Officer

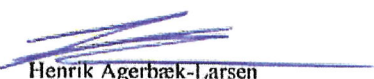
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Independent auditor's report

To the shareholders of Lundbeck Export A/S

Opinion

We have audited the financial statements of Lundbeck Export A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, and 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 the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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 the Entity'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 the Entity 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, individual-

ly 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 the Entity 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 16.04.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Sumit Sudan
State-Authorised Public Accountant
MNE no 33716



Lars Andersen
State-Authorised Public Accountant
MNE no 27762

Management commentary

	2017	2016	2015	2014	2013
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key Figures					
Revenue	1,355,412	1,392,026	1,498,397	1,303,070	1,339,054
Gross profit	107,673	96,733	51,944	79,931	166,770
Operating profit/(loss)	44,886	37,388	(33,142)	(7,189)	80,101
Net financials	(4,259)	(2,295)	61,524	40,510	(26,741)
Profit for the year	28,507	25,357	17,703	1,438	30,112
Total assets	692,923	765,842	779,102	640,233	604,049
Investments in property, plant and equipment	1,944	1,082	3,472	3,020	2,771
Equity	337,213	355,423	330,392	342,961	343,922
Ratio					
Return on Equity (%)	8.2	7.4	5.3	0.4	9.2
Equity ratio (%)	48.7	46.4	42.4	53.6	53.8
Profit margin (%)	2.1	1.8	1.2	0.1	2.2
Gross margin (%)	7.9	6.9	3.5	6.1	12.5

For definitions of ratios please refer to accounting policies.

Primary activity

The Entity's primary activity is to sell finished medicinal products and bulk goods to markets in the Middle East, the Indian subcontinent (with the exception of Pakistan and India), Africa (with the exception of South Africa), South America, Asia and Europe.

Development in activities and finances

The Entity's revenue totalled DKK 1,355,412 thousand in 2017 compared with DKK 1,392,026 thousand in 2016. For 2017 sales are slightly lower than 2016 and within expectations.

Operating profit amounts to DKK 44,886 thousand. The increase in operating profit compared to 2016 is primarily impacted by decreased cost of sales.

The Board of Directors considers the results to be in line with expectations for the financial year.

Outlook

The Entity expects revenue and result before tax for 2018 to be on par with 2017. This means revenue ranging between DKK 1.2 billion and DKK 1.7 billion and a profit before tax between DKK 25 million and DKK 50 million.

Particular risks

The Entity only sells H. Lundbeck A/S' products and products licenced to H. Lundbeck, for which reason particular risks are consistent with those described in H. Lundbeck A/S' 2017 Annual Report.

Research and Development activities

The Research and Development activities of the Lundbeck Group are performed by the Parent. This is why the Entity has no Research and Development activities.

Sustainability

The Entity is covered by the policies of the Parent, H. Lundbeck A/S. Management has chosen to disclose the mandatory annual statutory report on sustainability and the gender diversity of management in the form of a Communication on Progress report to the UN Global Compact on its homepage <http://www.lundbeck.com>¹.

Events after the balance sheet date

No events that could influence the financial statements for 2017 have taken place after the balance sheet date.

¹ http://www.lundbeck.com/upload/global/files/pdf/sustainability/COP/COP_2017.pdf

Accounting policies

Reporting Class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, 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 is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has been transferred to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of goods sold

Cost of goods sold comprises costs of goods sold for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. This item also includes costs of a share-based incentive programme based on the Parent's shares.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Financial income

Financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies.

Financial expenses

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Lundbeckfond Invest A/S and its Danish subsidiaries. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balances calculated pursuant to the interest deduction limitation rule of the Danish Corporation Tax Act have been allocated among the jointly taxed companies that are subject to limitation of deductibility based on 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 they qualify for recognition as deferred tax assets.

Balance sheet

Intellectual property rights

Intellectual property rights comprise software.

Software is measured at cost less accumulated amortisation and impairment losses. Cost of software includes expenses for project design, including direct wages and expenses directly attributable to the project.

The basis of amortisation is cost less estimated residual value after the end of useful life. Straight-line amortisation is applied over the estimated useful life which normally constitutes three years.

Profits and losses from the sale of intangible assets are calculated as the difference between selling price and the carrying amount at the time of sale less selling costs.

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depreciation and impairment losses.

Inventories

Goods for resale are measured at the latest known cost at the balance sheet date, which is equivalent to cost computed according to the FIFO method.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments

Other investments include investments in affiliated companies. These are recognised at cost.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of assets and liabilities and their tax bases. The tax value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments recognised in assets comprise incurred costs relating to subsequent financial years, such as pre-paid rent etc. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Share-based payments

Share-based incentive programmes in which employees may opt to buy shares in the Parent in which shares are granted to employees (equity-settled programmes) are measured at the equity instruments' fair value at the date of grant and recognised under staff costs as or when the employee obtains the right to buy/receive the shares. The offsetting item is recognised directly in equity under retained earnings.

Other provisions

Other provisions consist of different types of provisions, including provisions for pending lawsuits. Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the services agreed.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Cash flow statement

According to section 86(4) of the Danish Financial Statements Act, the Entity has omitted to prepare a cash flow statement.

Accounting policies

Financial highlights

Financial highlights are defined and calculated according to the Danish Finance Society's *Recommendations & Financial Ratios*.

Ratios		Calculation formula	Ratios reflect
Return on equity (%)	=	$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the enterprise by the owners.
Equity ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.
Profit margin (%)	=	$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Gross margin (%)	=	$\frac{\text{Gross profit/(loss)} \times 100}{\text{Revenue}}$	The Entity's operating gearing.

Income statement for 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Revenue	1	1,355,412	1,392,026
Other operating income		37	208
Cost of goods sold		(880,765)	(957,910)
Other external expenses		(367,011)	(337,591)
Gross profit		107,673	96,733
Staff costs	2	(61,033)	(57,634)
Depreciation, amortisation and impairment losses	3	(1,754)	(1,711)
Operating profit		44,886	37,388
Financial income	4	1,985	4,539
Financial expenses	5	(6,244)	(6,834)
Profit before tax		40,627	35,093
Tax on profit	6	(12,120)	(9,736)
Profit for the year	7	28,507	25,357

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Intellectual property rights	8	0	0
Intangible assets		<u>0</u>	<u>0</u>
Other fixtures and fittings, tools and equipment	9	3,261	3,649
Leasehold improvements	9	985	692
Property, plant and equipment		<u>4,246</u>	<u>4,341</u>
Receivables from group enterprises		126,364	135,508
Deposits	10	3,285	4,223
Deferred tax	11	490	443
Financial assets		<u>130,139</u>	<u>140,174</u>
Non-current assets		<u>134,385</u>	<u>144,515</u>
Inventories		<u>458</u>	<u>373</u>
Trade receivables		432,721	515,011
Receivables from group enterprises		279	32
Income tax receivable		12,882	0
Other short-term receivables		34,725	51,116
Prepayments		13,209	3,286
Receivables		<u>493,816</u>	<u>569,445</u>
Cash		<u>64,264</u>	<u>51,509</u>
Current asset		<u>558,538</u>	<u>621,327</u>
Assets		<u>692,923</u>	<u>765,842</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Contributed capital		600	600
Share Premium		0	2,820
Proposed dividends	7	28,500	42,000
Retained earnings		308,113	310,003
Equity		337,213	355,423
Other provisions	12	34,926	36,702
Provisions		34,926	36,702
Prepayments received from customers		8,081	8,026
Trade payables		25,997	31,216
Debt to group enterprises		268,405	307,962
Income tax payable		0	9,639
Other payables	13	18,301	16,874
Current liabilities other than provisions		320,784	373,717
Liabilities		355,710	410,419
Equity and liabilities		692,923	765,842
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties	16		
Consolidation	17		
Events after the balance sheet date	18		

Statement of changes in equity for 2017

	Contrib- uted cap- ital	Proposed dividends	Retained earnings	Total
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Equity at 01.01.2017	600	42,000	312,823	355,423
Distributed dividends	0	(42,000)	0	(42,000)
Other adjustments	0	0	(4,717)	(4,717)
Profit/(loss) for the year	0	28,500	7	28,507
Equity at 31.12.2017	<u>600</u>	<u>28,500</u>	<u>308,113</u>	<u>337,213</u>

Other adjustments relates to share based payments.

Notes

	2017	2016
	DKK'000	DKK'000
1. Revenue		
EU Countries	69,316	88,956
Other countries	1,286,096	1,303,070
	1,355,412	1,392,026
	2017	2016
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	36,948	37,778
Pension costs	517	621
Other social security costs	2,593	2,671
Other staff costs	20,975	16,564
	61,033	57,634
Average number of employees in the financial year	156	164
	2017	2016
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	0	10
Depreciation of property, plant and equipment	1,861	1,811
Profit/loss from sale of intangible assets and property, plant and equipment	(107)	(110)
	1,754	1,711

Notes

	2017	2016
	DKK'000	DKK'000
4. Financial income		
Financial income from group enterprises	365	406
Interest income	669	778
Exchange rate adjustments	951	3,355
	1,985	4,539

	2017	2016
	DKK'000	DKK'000
5. Financial expenses		
Financial expenses from group enterprises	367	90
Interest expenses	546	483
Exchange rate adjustments	0	4,620
Other financial expenses	5,331	1,641
	6,244	6,834

In other finance expenses, ex gratia discounts related to a distributor agreement, are included.

	2017	2016
	DKK'000	DKK'000
6. Tax on profit/(loss)		
Current tax	12,117	9,638
Adjustments relating to previous years, current tax	(4)	10
Adjustments relating to previous years, deferred tax	11	(9)
Change in deferred tax for the year	(58)	55
Total tax for the year	12,066	9,694

Tax for the year is composed of:

Tax on profit for the year	12,120	9,638
Tax on transactions in equity	(54)	(41)
Total tax for the year	12,066	9,694

Notes	2017	2016
	<u>DKK'000</u>	<u>DKK'000</u>
7. Distribution of profit		
Proposed distribution of profit/loss		
Dividends for the financial year	28,500	42,000
Retained earnings	7	(16,643)
	<u>28,507</u>	<u>25,357</u>
		Intellectual property rights DKK'000
8. Intangible assets		
Cost at 01.01.2017		204
Cost at 31.12.2017		<u>204</u>
Amortisation and impairment losses at 01.01.2017		(204)
Amortisation and impairment losses at 31.12.2017		<u>(204)</u>
Carrying amount at 31.12.2017		<u>0</u>
	Other fixtures and fittings, tools and equipment DKK'000	Leasehold im- provements DKK'000
9. Property, plant and equipment		
Cost at 01.01.2017	10,551	5,577
Additions	1,298	646
Disposals	(1,187)	0
Cost at 31.12.2017	<u>10,662</u>	<u>6,223</u>
Depreciation and impairment losses at 01.01.2017	(6,902)	(4,885)
Depreciation for the year	(1,508)	(353)
Depreciation on disposals	1,009	0
Depreciation and impairment losses at 31.12.2017	<u>(7,401)</u>	<u>(5,238)</u>
Carrying amount at 31.12.2017	<u>3,261</u>	<u>985</u>

Notes

	Deposit	
	DKK'000	
10. Deposits		
Cost at 01.01.2017		4,223
Additions		131
Disposals		(588)
Exchange rate adjustments		(481)
Cost at 31.12.2017		3,285
Carrying amount at 31.12.2017		3,285
		2017
		DKK'000
11. Deferred tax		
Deferred tax 01.01.2017		443
Adjustment of deferred tax at beginning of year		(11)
Movements during the year		58
Deferred tax 31.12.2017		490
	2017	2016
	DKK'000	DKK'000
12. Other provisions		
Provisions for lawsuits and disputes	18,320	18,320
Returns	2,068	0
Other provisions	14,538	18,382
	34,926	36,702
	2017	2016
	DKK'000	DKK'000
13. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc.	17,137	15,984
Holiday pay obligation	46	187
Other payables	1,118	703
	18,301	16,874

Notes

14. Unrecognised rental and lease commitments

Contractual obligations comprise rental and lease commitments that total DKK 6,316 thousand at 31 December 2017 (31 December 2016: DKK 5,986 thousand).

15. Contingent liabilities

Bank guarantees and letter of intent

The Entity's banks have issued bank guarantees worth DKK 1.1 million in favour of third parties.

Joint taxation

The Entity is part of a Danish joint taxation scheme with Lundbeckfond Invest A/S, according to which the Entity has partly a joint and several liability and partly a secondary liability with respect to corporate income taxes etc. for the jointly-taxed companies. In addition, the Entity has partly a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the Entity directly or indirectly owned by the ultimate parent company.

16. Related parties

The following shareholder controls the entity:

- H. Lundbeck A/S, Ottiliavej 9, DK-2500 Valby, Denmark

There has been no transactions with related parties that were not on an arm's length basis.

17. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Lundbeckfonden, Scherfigsvej 7, DK-2100 Copenhagen, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

H. Lundbeck A/S, Ottiliavej 9, DK-2500 Valby, Denmark

18. Events after the balance sheet date

Please refer to Management commentary.