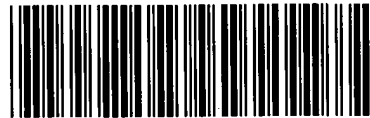


Registered number: 03734777

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

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JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

COMPANY INFORMATION

Directors	Hugh Murphy David Geelan Brendan O'Leary Lorcan Travers Gerard Greaney Barry O'Sullivan
Company secretary	Matsack Trust Limited
Registered number	03734777
Registered office	c/o Hackwood Secretaries Limited 1 Silk Street London EC2Y 8HQ United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH United Kingdom

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their Strategic report for the financial year ended 31 December 2017.

Principal activities

The principal activity of Johnson & Johnson Swiss Finance Company Limited is to grant loans to affiliated Johnson & Johnson companies and holds investments in group companies.

The company receives excess cash from the company's shareholder. With the excess cash the company grants loans to other group companies ('Affiliates') or pays out the excess cash as dividend to the company's shareholder to enable the shareholder to invest in new acquisitions. Until the money is needed for any transactions, the company keeps the money in bank accounts and/or invests in Money Market Funds through the Johnson & Johnson Global Treasury Centre or through other Johnson & Johnson companies.

Business review

Overall the directors are satisfied with the performance of the company during the financial year and its financial position at the financial year end.

The interest receivable and similar income for the year has increased to USD 136 million (2016: USD 67 million). The average interest rate of the invested loans was approximately 1.2175% in 2017 (2016: 0.0062%). This average return is derived from the prevailing USD interest rates but is predominately influenced by the US Treasury return which continues to show historic lows.

The profit for the financial year was USD 100.6 million (2016: USD 50.1 million) as shown in the income statement on page 10. The directors have proposed no dividend payment (2016: no dividend) in respect of the year.

Total equity at 31 December 2017 were USD 21.5 million (2016: USD 21.4 million).

During the financial year ended 31 December 2017, the company acquired 100% of the share capital of Actelion US Holding Company and Johnson & Johnson Surgical Vision Inc.

The share premium account of the company was reduced to nil (2016: USD 20.7 billion) during the financial year and transferred to the retained earnings of the company.

Future outlook

No changes to the company's principal activities are expected in the foreseeable future. The directors remain confident that the company will continue to perform well in the future.

Key Performance Indicators (KPIs)

Management focuses on three KPIs and monitors them on a monthly basis. These are the following:

- Loans to group companies
- Total interest income
- Profit for the financial year

Actual figures and results are compared with the latest business plan of the company.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**STRATEGIC REPORT (continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**


Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks as detailed on page 5.

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

This report was approved by the board on **15 August 2018** and signed on its behalf.


David Geelan, Director

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the audited financial statements for the financial year ended 31 December 2017.

Statement of directors' responsibilities

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework," and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the audited financial statements comply with the Companies Act 2006.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director at the date of the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Future outlook

The directors' expectations for the future of the business are set out in the Strategic report included within the Annual Report and financial statements.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Financial risk management

The policies set by the Group are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The company is exposed to credit risk as its loans are provided to counterparties. These loans are provided to other companies of the Johnson & Johnson group therefore credit risk pertains to affiliate companies in the Johnson & Johnson group. The borrowing activities of these counterparties are actively monitored by the Johnson & Johnson Treasury department to ensure that appropriate limits are in place and adhered to.

The investment of the excess cash and the selection of our bank partners is based on a 'safe harbour' approach (e.g. AAA ratings). Also, our cash management partner, Global Treasury Services Centre, as a Johnson & Johnson company is AAA rated (Johnson & Johnson stock exchange rating).

Liquidity risk

Management monitors rolling forecasts of the company's liquidity reserve together with Global Treasury Services Centre in the process of updating the business forecast.

The company is funded primarily through the repayment of principal and interest on its issued loans and in some instances borrowings from a treasury centre of its parent.

Interest rate cash flow risk

The company has interest bearing assets. Interest bearing assets include cash balances and loans which earn interest at a fixed rate. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign exchange risk

The company has outstanding loans to group companies which are held in US Dollar, therefore the company has limited foreign exchange risk. The company manages its foreign exchange risk by hedging its significant exposures through a group hedging scheme.

Results and dividends

The income statement for the financial year ended 31 December 2017 is set out on page 10.

The company's profit for the financial year amounted to USD 100.6 million (2016: USD 50.1 million). The aggregate dividends on ordinary shares recognised during the financial year amounts to USD nil (2016: USD nil). There are no proposed dividends awaiting approval at 31 December 2017 (2016: USD nil).

Events since the year end

A dividend in the amount of USD 16.62 billion was paid by the company on 22 February 2018. A dividend in the amount of USD 23 million was paid by the company on 20 June 2018.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Directors

The directors who served during the financial year and up to the date of signing the financial statements, unless otherwise stated, are given below:


Hugh Murphy
David Geelan
Brendan O'Leary
Lorcan Travers
Gerard Greaney
Barry O'Sullivan

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 August 2018 and signed on its behalf.


Gerard Greaney
Director


David Geelan
Director

Independent auditors' report to the members of Johnson & Johnson Swiss Finance Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Johnson & Johnson Swiss Finance Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

21 August 2018

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Financial year ended 31 December 2017 \$000	Financial year ended 1 January 2017 \$000
	Note		
Other operating expenses		(270)	(235)
Operating loss	4	(270)	(235)
Interest receivable and similar income	6	135,656	67,107
Profit on ordinary activities before income tax		135,386	66,872
Income tax expense on ordinary activities	9	(34,740)	(16,777)
Profit for the financial year		100,646	50,095

The company has no other comprehensive income for 2017 or 2016 other than the results above and therefore no separate statement of other comprehensive income has been prepared.

All amounts relate to continuing operations.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED
REGISTERED NUMBER: 03734777

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		31 December 2017 \$000	31 December 2017 \$000	1 January 2017 \$000	1 January 2017 \$000
	Note				
Non current assets					
Investments in subsidiaries	10		4,882,301		-
			<u>4,882,301</u>		<u>-</u>
Current assets					
Trade and other receivables	11	16,620,235		21,401,615	
Cash and cash equivalents		7		7	
		<u>16,620,242</u>		<u>21,401,622</u>	
Trade and other payables	12	(350)		(75)	
Net current assets			<u>16,619,892</u>		<u>21,401,547</u>
Net assets			<u><u>21,502,193</u></u>		<u><u>21,401,547</u></u>
Capital and reserves					
Ordinary shares	13		2,298		3,743
Share premium			-		20,737,208
Retained earnings			21,499,895		660,596
Total equity			<u><u>21,502,193</u></u>		<u><u>21,401,547</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Gerard Greaney
Director
Date:

Gerard Greaney
15 August 2018

David Geelan
Director
Date:

David Geelan

The notes on pages 13 to 22 form part of these financial statements.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Ordinary shares \$000	Share premium \$000	Retained earnings \$000	Total equity \$000
At 4 January 2016	3,743	20,737,208	610,501	21,351,452
Profit for the financial year	-	-	50,095	50,095
Total comprehensive income for the financial year	-	-	50,095	50,095
At 1 January 2017	3,743	20,737,208	660,596	21,401,547
Profit for the financial year	-	-	100,646	100,646
Total comprehensive income for the financial year	-	-	100,646	100,646
Transfer from share cancellation and share premium reserve	-	-	20,738,653	20,738,653
Share cancellation and share premium transfer to retained earnings (note 13)	(1,445)	(20,737,208)	-	(20,738,653)
At 31 December 2017	2,298	-	21,499,895	21,502,193

The notes on pages 12 to 22 form part of these financial statements.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. General information

Johnson & Johnson Swiss Finance Company Limited ("the company") is a private company limited by shares and is incorporated in the United Kingdom and resident in the Republic of Ireland. The address of its registered office is c/o Hackwood Secretaries Limited, 1 Silk Street, London, EC2Y 8HQ, United Kingdom.

The principal activity of Johnson & Johnson Swiss Finance Company Limited is to grant loans to affiliated Johnson & Johnson companies and holds investments in group companies.

OMJ Pharmaceuticals Inc., a company incorporated in the United States of America, is the company's immediate parent company. Ethicon Ireland Unlimited Company transferred its shares in the company to OMJ Pharmaceuticals Inc. during the financial year ended 31 December 2017.

Johnson & Johnson, incorporated in the United States of America, is the company's parent undertaking.

Johnson & Johnson prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Johnson & Johnson Swiss Finance Company Limited is a member. Copies of the consolidated financial statements may be obtained from the Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.

As the company is a wholly owned subsidiary of Ethicon Ireland Unlimited Company and of its ultimate parent, Johnson & Johnson, it is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

As the company is a wholly owned subsidiary of Johnson & Johnson, the group financial statements of which are publicly available, advantage is also taken of the exemption from disclosing transactions with group companies and from presenting a cash flow statement.

These financial statements are the company's separate financial statements for the financial year beginning 2 January 2017 and ending 31 December 2017.

The company's reporting period ends on the Sunday closest to 31 December, being 31 December 2017 for the current year (52 weeks) and 1 January 2017 for the prior year (52 weeks).

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the historical cost convention and in accordance with the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

As permitted by the Companies Act 2006, the directors have adapted the prescribed format of the income statement in a manner appropriate to the nature of the company's business.

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 (critical accounting estimates and judgements).

The company is a qualifying entity for the purposes of FRS 101. Details of the company's parent and from where its consolidated financial statements prepared in accordance with a Generally Accepted Accounting Practice considered to be an equivalent to IFRS may be obtained are set out in note 1 to the financial statements.

In accordance with FRS 101, the company has availed of an exemption from the following requirements of IFRS:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79(a) (iv) of IAS 1;
 - Paragraph 73(e) of IAS 16 Property, plant and equipment;
 - Paragraph 118 of IAS 38 Intangible assets
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10 (d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24, 'Related party disclosures'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.2 New standard, amendments and IFRS IC interpretations

No new accounting standards or amendments to accounting standards, or IFRS IC interpretations that are effective for the financial year ended 31 December 2017, have had a material impact on the company.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in US dollars (\$) which is also the company's presentation currency and unless otherwise stated, the financial statements have been presented in thousands ('000).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policy in respect of financial instruments transactions are explained below:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'debtors' in the statement of financial position.

c) Financial liabilities

The company classifies all of its financial liabilities at amortised cost.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Financial instruments (continued)

d) At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

2.5 Investments in subsidiaries

Investments in subsidiaries are held at cost less provision for impairment.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less.

2.7 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accruals and deferred income comprise expenses relating to the current year, which will not be invoiced until after the date of the statement of financial position, and income received in advance relating to the following year.

2.8 Interest income

Interest income is recognised in the income statement using the effective interest method.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.11 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.12 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

(a) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

(b) Carrying value of investments in subsidiaries

Investments in subsidiaries are carried at amortised cost. The company assesses at the end of each reporting period whether there is objective evidence that an investment in subsidiary is impaired. A financial assets or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss" event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4. Operating loss

The operating loss is stated after (crediting)/charging:

	Financial year ended 31 December 2017 \$000	Financial year ended 1 January 2017 \$000
Foreign exchange difference	(71)	25
	<u>(71)</u>	<u>25</u>

5. Employees

The company had no employees during the financial year ended 31 December 2017 (2016: NIL).

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

6. Interest receivable and similar income

	Financial year ended 31 December 2017 \$000	<i>Financial year ended 1 January 2017 \$000</i>
Interest received on loans owed by group undertakings	135,656	67,107
	<u>135,656</u>	<u>67,107</u>

7. Directors' remuneration

The directors services to the company are of a non-executive nature and their emoluments paid by other Johnson & Johnson affiliate companies, are deemed to be wholly attributable to their services to those companies. Accordingly, no emoluments are disclosed in these financial statements.

8. Auditors' remuneration

Remuneration for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	Financial year ended 31 December 2017 \$000	<i>Financial year ended 1 January 2017 \$000</i>
Audit of the entity financial statements (including expenses)	59	59
	<u>59</u>	<u>59</u>

9. Income tax

	Financial year ended 31 December 2017 \$000	<i>Financial year ended 1 January 2017 \$000</i>
Tax included in the income statement		
Current tax on profits for the financial year	34,740	16,777
Total current tax	<u>34,740</u>	<u>16,777</u>

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. Income tax (continued)

Factors affecting tax charge for the financial year

The tax assessed for the year is higher than (2016: *higher than*) the standard rate of corporation tax in Ireland of 12.5% (2016: 12.5%). The differences are explained below:

	Financial year ended 31 December 2017 \$000	Financial year ended 1 January 2017 \$000
Profit on ordinary activities before tax	135,386	66,872
Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2016: 12.5%)	16,923	8,359
Effects of:		
Expenses not deductible for tax purposes	34	29
Income taxed at higher rate	16,957	8,389
Other	826	-
Total tax expense included in the income statement	34,740	16,777

There are no amounts provided or unprovided in respect of deferred taxation (2016: USD nil).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

JOHNSON & JOHNSON SWISS FINANCE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

10. Investments in subsidiaries

	\$000
Cost	
At 2 January 2017	-
Additions	4,882,301
	<hr/>
At 31 December 2017	4,882,301
	<hr/>
Net book value	
At 31 December 2017	4,882,301
	<hr/> <hr/>
At 1 January 2017	-
	<hr/> <hr/>

The company acquired 100% of the share capital of Johnson & Johnson Surgical Vision Inc. (formerly AMO US Holdings Inc.) during 2017 for consideration in the amount of \$4,531,540,000.

The company acquired 100% of the share capital of Actelion US Holding Company on 31 October 2017 for consideration in the amount of \$350,761,000.

The company's subsidiaries are as follows:

Name	Class of shares	Holding	Nature of business
Johnson & Johnson Surgical Vision Inc.	ordinary	100 %	Investment holding company
Actelion US Holding Company	ordinary	100 %	Investment holding company

Name	Registered office
Johnson & Johnson Surgical Vision Inc.	1700 E. St. Andrew Place, Santa Ana, CA 92705, USA
Actelion US Holding Company	5000 Shoreline Court, Suite 200, South San Francisco, CA 94080, USA

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

11. Trade and other receivables

	31 December 2017 \$000	1 January 2017 \$000
Amounts owed by group undertakings	16,619,477	21,401,204
Corporation tax receivable	758	411
Total trade and other receivables	16,620,235	21,401,615

Amounts owed by group undertakings are unsecured, interest bearing and are repayable within one year.

12. Trade and other payables

	31 December 2017 \$000	1 January 2017 \$000
Other creditors	69	62
Amounts owed to group undertakings	281	-
Financial instruments	-	13
	350	75

13. Ordinary shares

	31 December 2017 \$000	1 January 2017 \$000
Shares classified as equity		
Allotted, called up and fully paid		
2,298,000(2016: 3,743,000) Ordinary shares of £1 each	2,298	3,743

During the financial year the company reduced the issued share capital of the company from 3,743,000 \$1 ordinary shares to 2,298,000 \$1 ordinary shares.

The share premium account of the company was reduced to nil (2016: USD 20.7 billion) during the financial year and transferred to the retained earnings of the company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

14. Events since the year end

A dividend in the amount of USD 16.62 billion was paid by the company on 22 February 2018. A dividend in the amount of USD 23 million was paid by the company on 20 June 2018.