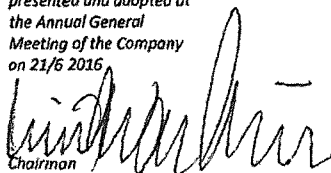


**GlaxoSmithKline Consumer
Healthcare A/S**
Annual Report for 2015

CVR-nr. 55 54 18 17
Nykær 68
2605 Brøndby

*The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company
on 21/6 2016*


Chairman

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Ledelsespåtegning Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GlaxoSmithKline Consumer Healthcare A/S for the financial year 1 January - 31 December 2015.

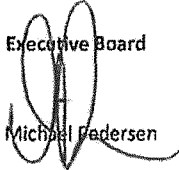
The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.


In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review. We recommend that the Annual Report be adopted at the Annual General Meeting.

Brøndby, 21 June 2016

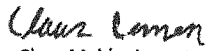
Executive Board



Michael Pedersen

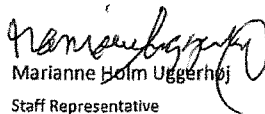
Board of Directors

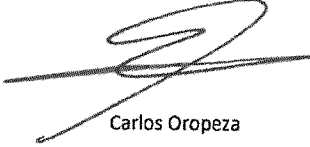

Magnus Tegström

Chairman


Claus Mahler Larsen
Staff Representative


Michael Pedersen


Marianne Holm Uggerhøj
Staff Representative


Carlos Oropeza

Independent Auditor's Report

To the Shareholder of GlaxoSmithKline Consumer Healthcare A/S

Report on the Financial Statements

We have audited the Financial Statements of GlaxoSmithKline Pharma A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

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

Report on Other Legal and Regulatory Requirements

Statement on Management's Review

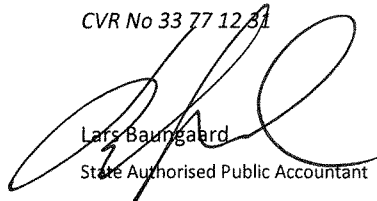
We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Brøndby, 21 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 81



Lars Baungård
State Authorised Public Accountant



Maj-Britt Nørskov Nannestad
State Authorised Public Accountant

Company Information

The Company	GlaxoSmithKline Consumer Healthcare A/S Nykær 68 DK-2605 Brøndby Telephone: + 45 44 86 86 86 Facsimile: + 45 44 86 86 87 Website: www.glaxosmithkline.dk CVR No: 55 54 18 17 Financial period: 1 January - 31 December Municipality of reg. office: Brøndby
Board of Directors	Magnus Tegström, Chairman Michael Pedersen Carlos Oropeza Claus Mahler Larsen Marianne Holm Uggerhøj
Executive Board	Michael Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Lawyers	Mazanti-Andersen, Korsø Jensen & Partnere Amaliegade 10 DK-1256 København K
Bankers	Danske Bank Holmens Kanal 2-12 DK-1092 København K
Consolidated Financial Statements	The Company is included in the Group Annual Report of GlaxoSmithKline plc., Brentford, Middlesex, England.

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2015	2014	2013	2012	2011
	TDKK	TDKK	TDKK	TDKK	TDKK
Profit/loss					
Revenue	521,444	413,324	405,058	391,806	398,391
Gross profit/loss	157,047	112,132	102,783	146,795	159,061
Profit/loss before financial income and expenses	27,052	23,250	14,546	29,818	48,269
Net financials	-18,528	-6,108	-2,727	1,287	2,825
Net profit/loss for the year	-26,718	12,578	9,540	25,197	38,894
Balance sheet					
Balance sheet total	680,958	703,680	664,555	598,884	552,264
<i>Equity</i>	461,166	487,884	475,306	465,766	440,569
Investment in property, plant and equipment	341	0	833	0	126
Number of employees	47	43	48	50	54
Ratios %					
Gross margin	30.0%	27.1%	25.4%	37.5%	39.9%
Profit margin	5.0%	5.6%	3.6%	7.6%	12.1%
Return on assets	3.9%	3.3%	2.2%	5.0%	8.7%
Solvency ratio	67.7%	69.3%	71.5%	77.8%	79.8%
Return on equity	-5.6%	2.6%	2.0%	5.6%	9.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Review

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

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The Company's principal activities comprise the importation and sale of pharmaceuticals and consumer healthcare products. Following the divestment of Ribena which was fully completed in 2014, the Company is no longer involved in the nutritional drinks business. The Company is domiciled and incorporated in Denmark and its principal place of business is located at Nykær 68, DK-2605 Brøndby.

Development in the year

The income statement of the Company for 2015 shows a loss of TDKK 26,718 and as of 31 December 2015 the balance sheet of the Company shows equity of TDKK 461,166. The loss is due to a tax case that has been closed in 2016.

The total revenue increased by 108,120 in 2015, due primarily to the impact of the joint venture with Novartis. As part of the Global Transitional Distribution Model (TDSA) that has been established in Denmark, GSK Consumer Health AS recognizes the profit generated by the sales of the Novartis OTC business in Denmark. This accounts for TDKK 144,473 of the increase in net sales between the years.

Aside from the impact of the joint venture with Novartis, the Company showed solid performance in its Pain Relief category driven by the flagship Panadol brand, which grew 11% vs. 2014 primarily propelled by a strong growth in the mass market channel as a result of a second placement in the Netto grocery chain; part of Dansk Supermarked.

The other two categories, Oral Care and Skin Health, also experienced sales growth. Oral Health grew by 5% with growth coming primarily from Corega Fixatives and Sensodyne Core. In Skin Health, Zovirax experienced recovery growing 14% and offsetting the declining performance on Ceridal. For both categories, one of the key contributors to this growth was greater stability in the supply chain, after lapping a year in 2014 heavily impacted by periodic out of stocks.

The company stopped selling Ribena as of 1/1 2015 so there were no revenue in 2015 compared to 2014. Further the company has divested some brands during 2015 which also had a negative effect on the revenue.

As a result of the joint venture, the anti-trust authorities requested that various brands be divested from the GSK portfolio. In the case of Novartis Consumer Health AS, the impact of the divestment was limited with only the Nasin/Nezeril brand, exclusively sold in Iceland and the Coldrex brand, exclusively sold in Finland requiring divestment. The divestment of these brands was completed at the end of August 2015.

Further as of the Novartis transaction GSK Consumer Healthcare A/S has sold GSK Pharma Rx in order to meet the new structure in GSK.

Pre-joint venture, the Company was reaching a period of stabilization following significant changes due to the adoption of a new ERP-System at the end of 2013 and, throughout most of 2014, the implementation of new ways of working with the financial shared Service Center in the UK and India. Due to the joint venture with Novartis, 2015 was marked by another period of change. The Operating Units were reorganized leading to the dissolution of North West Europe (NWE), which the Nordic markets were a part of and replaced by the creation of a new Operating Unit called Northern Europe and comprising Great Britain, Ireland, Benelux and the Nordics. The reorganization led to changes in management and resulted in a series of redundancies.

Targets and expectations for the year ahead

Aside from the renewed period of change, the Company is in a more robust position following the joint venture with Novartis. The synergies that will be generated via the combined business and the complementary portfolios are expected to result in an acceleration of revenues and trade profitably in 2016. GlaxoSmithKline had a strong brand heritage prior to the joint venture, which is further accentuated by the well respected brands from Novartis OTC.

Together, the Company will continue to reach consumers helping more people to do more, feel better and live longer.

Special risks – operating risks and financial risks

Financial risks

In consequence of its operations, investments and funding, the Company is exposed to changes in exchange rates and the interest level. It is the Company's policy not to speculate actively in financial risks. Accordingly, the Company's risk management is aimed solely at managing financial risks that have already been incurred.

Foreign exchange risks

The Company is affected by changes in exchange rates as purchases and sales are made in different currencies. As the primary currencies are Danish Krone and Euro no significant exchange risks is related.

Credit risks

It is expected that the Company's procedure for assessing trading partners will lead to a minimal risk of losses. The Company's loans have been contracted with group companies, and the counter-party risk is therefore considered low.

External environment

Environmental Issues, Health and Safety

GlaxoSmithKline Consumer Healthcare A/S, in line with GSK corporate policy, is committed to the good-keeping of the environment and continuously reviews its operating procedures to ensure that it is minimising all risks of environmental pollution. The Company takes steps to limit the environmental impact from its products and operations by eliminating waste and ensuring that products are disposed of in an environmentally friendly way. Packaging for new products is also considered to ensure that environmentally safe options are followed. We take health & safety seriously and take initiatives to ensure that our employees have a place of work where work-related risks are reduced to the extent possible.

Basis of earnings

Research and development

The Company believes that innovation is a key driver of its business, and the Parent Company, GlaxoSmithKline plc, conducts extensive research and development (R&D) activities principally in the UK and the US. Significant areas of R&D focus include fast & long-lasting OTC tablet technologies, gum & lozenge developments, premium toothpaste formulation and formulation upgrades, as well as the redesign of product packaging with due regard to environmental considerations. The Company has no R&D facilities of its own and conducts no R&D activities except occasional product packaging redesign activities for its local markets.

Social responsibility and diversity / DFA §99A and §99B

The Company must apply the rules regarding information on social responsibility. Reference is made to the group's reporting on social responsibility: "Responsible Business Supplement 2015" on www.gsk.com/responsibility.

GSK management is committed to provide equal opportunity and career development to every employee irrespective of Gender. The Danish GSK Consumer Legal entity is part of the GSK Consumer Healthcare Area North&West Europe. The Full Leadership Team of Consumer Healthcare North and West Europe consists of 16 members of which 8 (50%) are female. Also in the Danish Legal entity it is the target to have an appropriate gender split on the background of appropriate talent and capabilities for the available roles.

In year 2020 it is the company's goal to have a level of 50% females and 50% men in both management and the board.

Income Statement 1 January - 31 December

	Note	2015 TDKK	2014 TDKK
Revenue	1	521,444	413,324
Cost of Goods Sold		-364,397	-301,192
Gross profit/loss		157,047	112,132
Sales and distribution expenses		-90,072	-68,352
Administrative expenses		-40,837	-21,844
Operating profit/loss		26,138	21,936
Other operating income	2	1,326	1,476
Other operating expenses		-412	-162
Profit/loss before financial income and expenses		27,052	23,250
Income/expense from investments in subsidiaries	3	-791	-1,503
Financial income	4	2,136	2,143
Financial expenses	5	-19,873	-6,748
Profit/loss before tax		8,524	17,142
Tax on profit/loss for the year	6	-35,242	-4,564
Net profit/loss for the year		-26,718	12,578

Distribution of profit

	2015 TDKK	2014 TDKK
Proposed distribution of profit		
Proposed dividend for the year	240,000	0
Retained earnings	-266,718	12,578
	-26,718	12,578

Balance Sheet 31 December

Assets

	Note	2015	2014
		TDKK	TDKK
Goodwill		6,052	0
Computer software		14,866	16,624
Intangible fixed assets	7	20,918	16,624
Equipment	8	661	515
Tangible assets		661	515
Investments in subsidiaries	9	0	170,654
Fixed asset investments		0	170,654
Fixed assets		21,579	187,793
Inventory		27,182	0
Trade receivables		102,940	104,461
Receivables from affiliated companies		517,365	403,106
Other receivables		11,845	1,316
Corporation tax		0	5,372
Prepayments	10	47	437
Receivables		632,197	514,692
Cash at bank and in hand		0	1,195
Currents assets		659,379	515,887
Assets		680,958	703,680

Balance Sheet 31 December

Liabilities and equity

	Note	2015	2014
		TDKK	TDKK
Share capital		3,000	3,000
Proposed dividend		240,000	0
Retained earnings		218,166	484,884
Equity	11	461,166	487,884
Deferred tax	12	1,527	3,460
Provisions		1,527	3,460
Trade payables		25,893	10,195
Payables to affiliated companies		83,155	147,429
Corporation tax		42,354	0
Other payables		66,863	54,712
Short-term debt		218,265	212,336
Debt		219,792	215,796
Liabilities		680,958	703,680
Contingent assets, liabilities and other financial obligations	13		
Staff	14		
Fee to auditors appointed at the general meeting	15		
Related parties and ownership	16		

Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
1 Revenue		
Geographical segments		
Domestic market	293,486	192,187
Other Nordic countries	226,357	221,137
Other EU markets	1,601	0
	<u>521,444</u>	<u>413,324</u>
Business segments		
Consumer Healthcare	521,444	413,324
	<u>521,444</u>	<u>413,324</u>
2 Other operating income		
Sales, distribution and administration, group companies	1,326	1,476
Other income	0	0
	<u>1,326</u>	<u>1,476</u>
3 Income/expense from investments in subsidiaries		
Share of profits of subsidiaries	610	11,764
Amortisation of goodwill	-2,210	-13,267
Gain / loss sales	809	0
	<u>-791</u>	<u>-1,503</u>
4 Financial income		
Of financial income DKK 113k are paid to related parties (2014: DKK 336k).		
5 Financial expenses		
Of financial expenses DKK 109k are paid to related parties (2014: DKK 64).		
6 Tax on profit/loss for the year		
Current tax for the year	8,416	3,462
Deferred tax for the year	-1,933	1,145
Prior year adjustments	28,759	-43
	<u>35,242</u>	<u>4,564</u>

7 Intangible assets

	<u>Goodwill</u>	<u>Software</u>
	TDKK	TDKK
Cost at 1 January	0	18,822
Additions for the year	<u>7,263</u>	<u>0</u>
Cost at 31 December	<u>7,263</u>	<u>18,822</u>
Depreciation at 1 January	0	2,198
Depreciation for the year	<u>1,211</u>	<u>1,758</u>
Impairment losses and depreciation at 31 December	<u>1,211</u>	<u>3,956</u>
Carrying amount at 31 December	<u>6,052</u>	<u>14,866</u>
Amortised over	<u>5 years</u>	<u>10 years</u>

8 Tangible fixed assets

	<u>Equipment</u>
	TDKK
Cost at 1 January	3,297
Additions for the year	<u>341</u>
Cost at 31 December	<u>3,638</u>
Impairment losses and depreciation at 1 January	2,782
Depreciation for the year	<u>195</u>
Impairment losses and depreciation at 31 December	<u>2,977</u>
Carrying amount at 31 December	<u>661</u>
Amortised over	<u>3 - 10 years</u>

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
Depreciation and impairment of tangible and intangible assets are recognised in the following items:		
Administrative expenses	<u>2,991</u>	<u>1,942</u>
	<u>2,991</u>	<u>1,942</u>

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 January	372,400	372,400
Disposals for the year	<u>-372,400</u>	<u>0</u>
Cost at 31 December	<u>0</u>	<u>372,400</u>
Revaluations at 1 January	-201,746	-185,843
Net profit/loss for the year	610	11,764
Dividend to the Parent Company	0	-14,400
Amortisation of goodwill	-2,210	-13,267
Disposals for the year	<u>203,346</u>	<u>0</u>
Revaluations at 31 December	<u>0</u>	<u>-201,746</u>
Carrying amount at 31 December	<u>0</u>	<u>170,654</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>0</u>	<u>26,531</u>

10 Prepayments

Prepayments consist primarily of prepaid expenses concerning insurance premiums, advertising expenses, etc.

11 Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Proposed dividend for the year</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	3,000	484,884	0	487,884
Ordinary paid dividend	0	0	0	0
Ordinary suggested dividend	0	-240,000	240,000	0
Net profit/loss for the year	0	-26,718	0	-26,718
Equity at 31 December	<u>3,000</u>	<u>218,166</u>	<u>240,000</u>	<u>461,166</u>

12 Provision for deferred tax

	<u>2015</u> TDKK	<u>2014</u> TDKK
Intangible assets	3,450	3,656
Property, plant and equipment	-144	-196
Other payables	-1,779	0
	<u>1,527</u>	<u>3,460</u>

13 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,889	2,686
Between 1 and 5 years	<u>1,826</u>	<u>2,758</u>
	<u>4,715</u>	<u>5,444</u>

Contractual obligations

Contractual obligations

The company has entered into agreements with an affiliated company regarding rendering of services. The agreements may be terminated by 3 - 6 months notice and total commitments in the period of non-terminability amounts to DKK 700K.

Other

The Company has provided a customs guarantee of DKK 2,000k to the Norwegian customs authorities.

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
14 Staff		
Wages and Salaries	30,948	33,155
Pensions	2,517	2,242
Other social security expenses	<u>585</u>	<u>532</u>
	<u>34,050</u>	<u>35,929</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Sales and distribution expenses	19,067	20,121
Administrative expenses	<u>14,983</u>	<u>15,808</u>
	<u>34,050</u>	<u>35,929</u>
Average number of employees	<u>47</u>	<u>43</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
15 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	809	930
Tax advisory services	0	0
Non-audit services	<u>0</u>	<u>298</u>
	<u>809</u>	<u>1,228</u>

16 Related parties and ownership

Basis

Controlling interest

Controlling interest

GlaxoSmithKline Consumer Healthcare (Overseas) Ltd.,
980 Great West Road, Brentford, Middlesex,
Tw8 9GS, United Kingdom

Controlling shareholder

Transactions

Transactions

The company purchase pharmaceutical products and consumer healthcare products from group companies at arm's length. A member of the board has performed legal services at arm's length. Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior employees, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Ownership

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

GlaxoSmithKline Consumer Healthcare (Overseas) Ltd., Company no. 09237639, 980 Great West Road, Brentford, Middlesex, Tw8 9GS, United Kingdom

Regnskabspraksis

Accounting Policies

Basis of Preparation

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

The accounting policies applied remain unchanged from last year.

The Annual Report for 2015 is presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Annual Report of GlaxoSmithKline Consumer Healthcare A/S and its subsidiary is included in the Consolidated Financial Statements of GlaxoSmithKline plc., Brentford, Middlesex, England.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment reporting

Segment information is presented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of Goods Sold

The Cost of goods sold comprises costs incurred to achieve revenue for the year.

Sales and distribution expenses

Sales and distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment and income from sale of sales and administration and distribution fees to group company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Intangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Depreciation period: 5-10 years

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. If it is not possible to reliably estimate useful life the amortisation period is 5 years. Interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Equipment: 3 - 10 years

Assets costing less than DKK 12,300 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Inventory

Inventories are measured at the lower of cost under the FEFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums, advertising expenses, etc. and credit notes to receive.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow of GlaxoSmithKline Consumer Healthcare A/S are recognized in the consolidated financial statements of GlaxoSmithKline plc., Brentford, Middlesex, England. Therefore, cash flow statement is not presented in the annual report of GlaxoSmithKline Consumer Healthcare A/S, ref. Danish Financial Statements Act § 86, stk. 4.

Dividend

Dividend distribution proposed by Management for the year is recognised in equity

Accounting Policies

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$