

GlaxoSmithKline Consumer Healthcare A/S
Nykær 68
2605 Brøndby
CVR no. 55 54 18 17

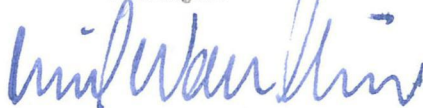
GlaxoSmithKline Consumer Healthcare A/S

Annual Report 2017

Nærværende regnskab godkendtes på selskabets
ordinære generalforsamling den:

6/7-2018

Som dirigent:



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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 2017.


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 2017 of the Company and of the results of the Company operations for the financial year 1 January - 31 December 2017.

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

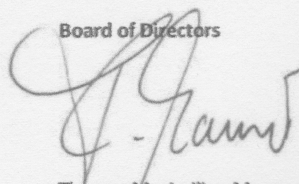
Brøndby, July 5 2018

Executive Board



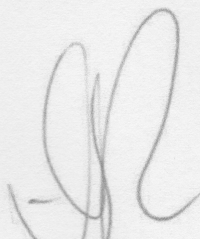
Michael Pedersen

Board of Directors

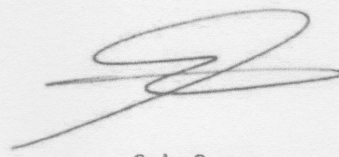


Thomas Maximilian Maurer

Chairman



Michael Pedersen



Carlos Oropeza

Independent Auditor's Report

To the Shareholder of GlaxoSmithKline Consumer Healthcare A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of GlaxoSmithKline Consumer Healthcare A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

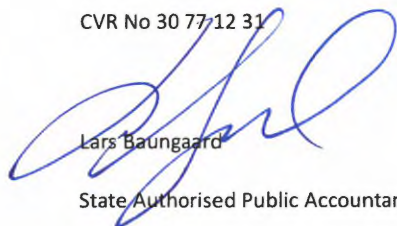
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 5 July 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 30 77 12 31



Lars Baungaard

State Authorised Public Accountant

Mne23331



Maj-Britt Nørskov Nannestad

State Authorised Public Accountant

Mne32198

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.glaxosmithline.dk CVR No: 55 54 18 17 Financial period: 1 January - 31 December Municipality of reg. office: Brøndby
Board of Directors	Thomas Maximilian Maurer, Chairman Michael Pedersen Carlos Oropeza
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:

	2017	2016	2015	2014	2013
TDKK					
Profit/loss					
Revenue	362,830	479,393	521,444	413,324	405,058
Gross profit/loss	123,248	167,554	157,047	112,132	102,783
Profit/loss before financial income and expenses	8,722	19,282	27,052	23,250	14,546
Net financials	-3,486	6,444	-18,528	-6,108	2,727
Net profit/loss for the year	3,255	18,467	-26,718	12,578	9,540
Balance sheet					
Balance sheet total	345,102	445,350	680,958	703,680	664,555
Equity	242,888	239,633	461,166	487,884	475,306
Investment in property, plant and equipment	0	0	341	0	833
Number of employees	42	43	47	43	48
Ratios %					
Gross margin	34.0%	35.0%	30.0%	27.1%	25.4%
Profit margin	2.4%	4.0%	5.0%	5.6%	3.6%
Return on assets	2.5%	4.3%	3.9%	3.3%	2.2%
Solvency ratio	70.4%	53.8%	67.7%	69.3%	71.5%
Return on equity	1.4%	5.3%	-5.6%	2.6%	2.0%

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.

Management's Review

Main activity

The Company's principal activities comprise the importation and sale of pharmaceuticals and consumer healthcare products. 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 2017 shows a gain of TDKK 3,255 and as of 31 December 2017 the balance sheet of the Company shows equity of TDKK 242,888.

The total revenue recorded for the Danish Consumer Healthcare entity decreased by TDKK 116,563 in 2017, solely attributed to the one-off effect caused by the Novartis Joint Venture. Prior to August 1st, 2016 the Danish Consumer Healthcare entity recorded the financial activities of the Norwegian and Finnish Consumer entities. This operational approach ceased as of August 1st, 2016 after which the Danish Consumer Healthcare entity started to record financial activities purely related to its in-country operations.

Excluding the one-off effect related to the transfer of the Norwegian and Finnish financial activities, the Danish Consumer Healthcare business showed another year of solid performance across most of the categories it competes in, namely across Pain Relief, Respiratory, Smoker's Health and Skin Health. Performance in the Oral Care category was driven by Sensodyne, benefiting from the increased investment and focus as part of the agreed strategic approach. The Pain Relief and Respiratory categories also recorded strong performance, with Otrivin driving the performance of the Respiratory category as a result of a strong flu season and Voltaren driving the performance of the Pain Relief category as a result of the entry into mass market. Nicotinell, another key pillar of the Danish Consumer business experienced flat growth primarily as a result of the strong competitive environment.

On a more general basis, the 2017 financial year was one of stability. The previous years had been marked by significant changes because of the Novartis joint venture which came into effect on March 2nd, 2015 and which were therefore marked by organizational changes and integration related activities. Given the stability, the 2017 financial year was therefore focused on starting the journey of building the Oral Care category and continuing to drive flagship brands like Voltaren, Otrivin, Panodil, while exploring various business models to drive the Smoker's Health category.

To this extent, the development of the financials between 2016 and 2017 were in line with expectations, with revenue decreasing to the expected level to account for the Danish operations only and with a delivery in operating profit under that which would be expected in an average year, but which was predominantly affected by a high degree of investments that occurred throughout 2017 and particularly centered in Q4 of that fiscal year in a drive to invest behind the brands and the overall business with the aspiration of fueling growth in 2018.

Capital resources

A dividend of DKK 175.0m has been proposed in the 2017 annual report.

Targets and expectations for the year ahead

The Danish Consumer business will continue its drive on the organic growth of the combined portfolio, focusing on investing behind its Oral Care business and leveraging the remainder of its portfolio within a market that is forecasted to only grow marginally in 2018. Revenue is expected to be approximately TDKK 390,000, with operating profit more than doubling to TDKK 7,800 as the business strives to improve its profitability in line with global strategic ambitions. It will continue to make selective investments in its brands, drive pricing initiatives and launch new products in the unwavering pursuit of delivering on its promise of bringing consumers the ability 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.

Management's Review (continued)

External environment

Environment 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 environment 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 ultimate 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 2017" 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 North. The Full Leadership Team of Consumer Healthcare North consists of 15 members of which 8 (53%) are female. The aim is to have a level of 50% women and 50% men in management and board. Within the Danish Consumer entity specifically, 100% of the board is male. There is a conscious desire to achieve at least a ratio of 33% female to male with efforts being deployed in this regard. Deliberate and targeted organisation development efforts are directed at changing the gender representation over a number of years. Moreover, targeted efforts are made in the recruiting process.

These initiatives are not limited to gender diversity but also cover all aspects of Diversity and Inclusion. Further information on the GSK Group's approach and initiatives for Diversity and Inclusion can be found on the GSK Group website (www.gsk.com/responsibility) and in the Group annual report.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year 2017 have not been affected by unusual events.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Revenue	2	362,830	479,393
Cost of goods sold		<u>-239,582</u>	<u>-311,839</u>
Gross profit/loss		123,248	167,554
Sales and distribution expenses	3	-64,900	-95,112
Administrative expenses	3	<u>-48,713</u>	<u>-53,936</u>
Operating profit/loss		9,635	18,506
Other operating income	4	1,484	1,877
Other operating expenses	5	<u>-2,397</u>	<u>-1,101</u>
Profit/loss before financial income and expenses		8,722	19,282
Financial income	6	830	8,495
Financial expenses	7	<u>-4,316</u>	<u>-2,051</u>
Profit/loss before tax		5,236	25,726
Tax on profit/loss for the year	8	<u>-1,981</u>	<u>-7,259</u>
Net profit/loss for the year	9	<u>3,255</u>	<u>18,467</u>

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Goodwill		3,147	4,600
Computer software		<u>11,346</u>	<u>13,105</u>
Intangible fixed assets	10	<u>14,493</u>	<u>17,705</u>
Equipment	11	<u>14</u>	<u>181</u>
Tangible assets		<u>14</u>	<u>181</u>
Fixed assets		<u>14,507</u>	<u>17,886</u>
Trade receivables		80,675	83,576
Receivables from affiliated companies		230,122	308,104
Other receivables		14,077	29,450
Corporation tax		5,305	6,247
Prepayments	12	<u>416</u>	<u>87</u>
Receivables		<u>330,595</u>	<u>427,464</u>
Current assets		<u>330,595</u>	<u>427,464</u>
Assets		<u>345,102</u>	<u>445,350</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital		3,000	3,000
Retained earnings		64,845	236,633
Proposed dividend for the year		<u>175,043</u>	<u>0</u>
Equity	13,9	<u>242,888</u>	<u>239,633</u>
Deferred tax	14	<u>2,007</u>	<u>1,422</u>
Provisions		<u>2,007</u>	<u>1,422</u>
Trade payables		19,758	6,958
Payables to affiliated companies		44,562	158,302
Other payables		<u>35,887</u>	<u>39,035</u>
Short-term debt		<u>100,207</u>	<u>204,295</u>
Debt		<u>102,214</u>	<u>205,717</u>
Liabilities and equity		<u>345,102</u>	<u>445,350</u>
Contingent assets, liabilities, and other financial obligations	15		
Related parties and ownership	16		
Fee to auditors appointed at the general meeting	17		
Subsequent events	18		

Statement of Changes in 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 2017	3,000	236,633	0	239,633
Net profit/loss for the year	<u>0</u>	<u>-171,788</u>	<u>175,043</u>	<u>3,255</u>
Equity at 31 December 2017	<u>3,000</u>	<u>64,845</u>	<u>175,043</u>	<u>242,888</u>

Notes to the Annual Report

1 Accounting policies

Basis of Preparation

The Annual Report of GlaxoSmithKline Consumer Healthcare A/S for 2017 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 2017 is presented in TDKK.

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.

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.

Notes to the Annual Report (continued)

1 Accounting policies (continued)

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 re-invoicing of services to an affiliated 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 Danish sister company. 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.

Property, plant and equipment

Property, plant and equipment 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 assets 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 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Notes to the Annual Report (continued)

1 Accounting policies (continued)

Impairment of fixed assets (continued)

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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.

Dividend

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

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 recognised 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.

Notes to the Annual Report (continued)

1 Accounting policies (continued)

Financial Highlights

Explanation of financial ratios

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

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
2 Revenue		
Geographical segments		
Domestic market	327,832	341,235
Other Nordic countries	<u>34,998</u>	<u>138,158</u>
	362,830	479,393
Business segments		
Consumer Healthcare	<u>362,830</u>	<u>479,393</u>
	362,830	479,393
3 Staff		
Wages and salaries	20,801	25,012
Pensions	2,559	1,863
Other social security expenses	<u>721</u>	<u>903</u>
	24,081	27,778
Wages and salaries, pensions and other social security expenses are recognised in the following items:		
Sales and distribution expenses	12,444	15,691
Administration expenses	<u>11,637</u>	<u>12,087</u>
	24,081	27,778
Average number of employees	<u>42</u>	<u>43</u>

Notes to the Annual Report (continued)

3 Staff (continued)

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

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
4 Other operating income		
Sales, distribution and administration, group companies	1,484	1,877
	<u>1,484</u>	<u>1,877</u>
5 Other operating expenses		
Royalties	2,397	1,101
	<u>2,397</u>	<u>1,101</u>
6 Financial income		
Financial income amounted to TDKK 481 are received from related parties (2016: TDKK 31).		
7 Financial expenses		
Financial expenses amounted to TDKK 130 are paid to related parties (2016: TDKK 0).		
8 Tax on profit/loss for the year		
Current tax for the year	1,396	5,084
Deferred tax for the year	585	104
Current tax, prior year	0	2,280
Deferred tax prior year	0	-209
	<u>1,981</u>	<u>7,259</u>
9 Distribution of profit		
Proposed distribution of profit		
Proposed dividend for the year	175,043	0
Retained earnings	<u>-171,788</u>	<u>18,467</u>
	<u>3,255</u>	<u>18,467</u>

Notes to the Annual Report (continued)

10 Intangible assets

	Goodwill	Software
	TDKK	TDKK
Cost at 1 January 2017	7,263	18,822
Cost at 31 December 2017	7,263	18,822
Depreciation at 1 January 2017	2,663	5,717
Depreciation for the year	1,453	1,759
Impairment losses and depreciation at 31 December 2017	4,116	7,476
Carrying amount at 31 December 2017	3,147	11,346
Amortised over	5 years	10 years

11 Tangible fixed assets

	Equipment
	TDKK
Cost at 1 January 2017	1,812
Disposals for the year	-516
Cost at 31 December 2017	1,296
Impairment losses and depreciation at 1 January 2017	1,631
Reversal of depreciations of sold assets	-516
Depreciation for the year	167
Impairment losses and depreciation at 31 December 2017	1,282
Carrying amount at 31 December 2017	14
Amortised over	3 - 10 years

	2017	2016
	TDKK	TDKK
Depreciation and impairment of tangible and intangible assets are recognised in the following items:		
Administrative expenses	3,379	3,379
	3,379	3,379

Notes to the Annual Report (continued)

12 Prepayments

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

13 Equity

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
3,000 shares with a nominal value of DKK 1,000	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

The equity has been unchanged for the last 5 years.

14 Deferred tax

Intangible assets	2,275	2,753
Property, plant and equipment	-101	-99
Other payables	<u>-167</u>	<u>-1,232</u>
	<u>2,007</u>	<u>1,422</u>

	<u>2017</u>
	TDKK
Deferred tax, beginning of the year	1,422
Deferred tax for the year	<u>585</u>
Deferred tax, year end	<u>2,007</u>

15 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,045	3,078
Between 1 and 5 years	<u>588</u>	<u>1,422</u>
	<u>2,633</u>	<u>4,500</u>

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 TDKK 1,304.

Other

The Company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Notes to the Annual Report (continued)

16 Related parties and ownership

Basis

Controlling interest

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

Controlling shareholder

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

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.

17 Fee to auditors appointed at the general meeting

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
Audit fee to PricewaterhouseCoopers	420	440
Tax advisory services	0	433
Non-audit services	<u>290</u>	<u>27</u>
	<u>710</u>	<u>900</u>

18 Subsequent events

No conditions have occurred that have significant bearing on the evaluation of the annual report.