

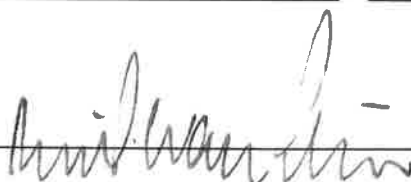
GlaxoSmithKline Consumer Healthcare A/S
Nykær 68
2605 Brøndby
CVR no. 55 54 18 17

GlaxoSmithKline Consumer Healthcare A/S

Annual Report 2018

The annual report was presented and adopted at the
Company's annual general meeting

on 28 MAY 2019

A handwritten signature in black ink, appearing to read "M. J. ...", is written over a horizontal line within the rectangular box.

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	2
Independent Auditor's Report	3-4
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	8-9
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10 - 11
Statement of Changes in Equity	12
Notes to the financial statements	13 - 20

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 2018.

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 2018 of the Company and of the results of the Company operations for the financial year 1 January - 31 December 2018.

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, May 28, 2019

Executive Board



Michael Pedersen

Board of Directors



Thomas Maximilian Maurer
Chairman



Carlos Alfredo Oropeza



Michael Pedersen

Independent auditor's report

To the shareholder of GlaxoSmithKline Consumer Healthcare A/S

Opinion

We have audited the financial statements of GlaxoSmithKline Consumer Healthcare A/S for the financial year 1 January 2018 – 31 December 2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management review

Management is responsible for the management review.

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

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

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

Based on the work we have performed, we conclude that the management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.


Copenhagen, 28 May 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Sumit Sudan
State-Authorised Public Accountant
MNE no 33716


Martin Pieper
State-Authorised Public Accountant
MNE no 44063

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 Municipality of reg. office: Brøndby
Board of Directors	Thomas Maxmillan Maurer, Chairman Carlos Alfredo Oropeza Michael Pedersen
Executive Board	Michael Pedersen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 DK-2300 København S
Lawyers	Mazanti-Andersen, Korsø Jensen & Partnere Amallegade 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:

TDKK	2018	2017	2016	2015	2014
Profit/loss					
Revenue	378,312	362,830	479,393	521,444	413,324
Gross profit/loss	122,807	123,248	167,554	157,047	112,132
Operating profit/loss	1,596	8,722	19,282	27,052	23,250
Net financials	-1,084	-3,486	6,444	-18,528	-6,108
Net profit/loss for the year	376	3,255	18,467	-26,718	12,578
Balance sheet					
Balance sheet total	346,684	345,102	445,350	680,958	703,680
Equity	68,221	242,888	239,633	461,166	487,884
Investment in property, plant and equipment	0	0	0	341	0
Number of employees	44	42	43	47	43
Ratios %					
Gross margin	32.5%	34.0%	35.0%	30.0%	27.1%
Profit margin	0.4%	2.4%	4.0%	5.0%	5.6%
Return on assets	0.5%	2.5%	4.3%	3.9%	3.3%
Solvency ratio	19.7%	70.4%	53.8%	67.7%	69.3%
Return on equity	0.2%	1.4%	5.3%	-5.6%	2.6%

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.

Development in the year

The income statement of the Company for 2018 shows a revenue increase of TDKK 15,482 and as of 31 December 2018 the balance sheet of the Company shows equity of TDKK 68,221.

The Danish Consumer Healthcare business showed a strong 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 building on prior year experience.

The Pain Relief and Respiratory categories also recorded strong performance, with Otrivin driving the performance of the Respiratory category from increased distribution and a record high flu season. Nicotinell, another key pillar of the Danish Consumer business and part of the Respiratory category experienced moderate growth primarily driven by distribution gains in a strong competitive environment. Within Pain Relief, Panodil drove the performance of the category with a strong performance in the OTC segment as a result of the strong flu season and due to the launch of a new combination product at the end of Q3. Voltaren, on the other hand, experienced a difficult year with declining sales primarily due to tactical requirements to reduce investment which impacted the brand.

Within the 2018 fiscal year, two notable events have occurred: the suspension of paracetamol products with modified release and subsequent lift in suspension and the internal geographic reorganization.

Following a formal process, at the beginning of 2018 the European Union commission recommended the suspension of paracetamol products with modified release with effect from March 31, 2019. This had a direct impact on the ability to continue distributing Panodil Extend 665mg which is a modified release paracetamol. However, following dialogue with the Danish Health authorities, they decided to lift the suspension thereby allowing the Danish Consumer Healthcare business to continue distributing Panodil Extend 665mg.

Mid-year 2018, it was announced that the internal geographic reporting structure would be modified. Until then, the Danish Consumer business was part of the Nordic cluster which was part of a reporting structure called Northern Europe and included, in addition to the Nordics, Belgium, Netherlands, Great Britain and Ireland. As of September 2018, a new reporting structure was created whereby the Nordic markets as well as Belgium and Netherlands were split out from Great Britain and Ireland and combined under one management structure. This in turn led to a reorganization but which had limited impact on the Danish Consumer business.

In summary, GSK Consumer Healthcare Denmark experienced a solid financial year benefitting from growth in its flagship brand such as Panodil, Otrivin, Nicotinell and increasingly Sensodyne and navigating through significant external risks and internal changes.

Capital resources

No dividend is proposed in the 2018 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 2019. Revenue is expected to be approximately TDKK 395,000, with operating profit of TDKK 7,900, 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, or hedge, financial risks.

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, British pound and Euro no significant exchange risks is related.

Management's Review (continued)

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 considered low.

External environment

Environment Issues, Health and Safety

The Company, 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. The Company takes health & safety seriously and takes 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 is covered by the obligation of information with regard to social responsibility. Please refer to the Group's reports concerning social responsibility: "Do more, feel better, live longer - Corporate Responsibility Report" 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 Area Benelux Nordics. The Full Area Leadership Team of Consumer Healthcare Benelux Nordics consists of 19 members of which 13 (68%) 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 was no change to the board in 2018, but there is a conscious desire to achieve at least a ratio of 33% female to male with efforts being deployed in this regard by making a change to the board. A proposed change of replacing one of the current board members with a female is subject to approval at the next board meeting.

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 2018 of the Company and the results of the activities of the Company for the financial year 2018 have not been affected by any subsequent events.

Income Statement 1 January - 31 December

	Note	2018	2017
		TDKK	TDKK
Revenue	2	378,312	362,830
Cost of goods sold		-255,505	-239,582
Gross profit/loss		122,807	123,248
Distribution expenses	3	-76,849	-64,900
Administrative expenses	3	-47,142	-51,110
Ordinary operating profit/loss		-1,184	7,238
Other operating Income	4	2,780	1,484
Operating profit/loss		1,596	8,722
Financial income	5	235	830
Financial expenses	6	-1,319	-4,316
Profit/loss before tax		512	5,236
Tax on profit/loss for the year	7	-136	-1,981
Net profit/loss for the year	8	376	3,255

Balance Sheet 31 December

Assets

	Note	2018 TDKK	2017 TDKK
Goodwill		1,695	3,147
Computer software		9,587	11,346
Intangible fixed assets	9	11,282	14,493
Equipment	10	0	14
Tangible assets		0	14
Fixed assets		11,282	14,507
Trade receivables		73,096	80,675
Receivables from affiliated companies		249,153	230,122
Other receivables		7,300	14,077
Corporation tax		5,287	5,305
Prepayments	11	566	416
Receivables		335,402	330,595
Current assets		335,402	330,595
Assets		346,684	345,102

Balance Sheet 31 December

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		3,000	3,000
Retained earnings		65,221	64,845
Proposed dividend for the year		<u>0</u>	<u>175,043</u>
Equity	12,8	<u>68,221</u>	<u>242,888</u>
Deferred tax	13	<u>1,701</u>	<u>2,007</u>
Provisions		<u>1,701</u>	<u>2,007</u>
Trade payables		21,275	19,758
Payables to affiliated companies		212,139	44,562
Other payables		<u>43,348</u>	<u>35,887</u>
Short-term debt		<u>276,762</u>	<u>100,207</u>
Debt		<u>278,463</u>	<u>102,214</u>
Liabilities and equity		<u>346,684</u>	<u>345,102</u>
Contingent assets, liabilities, and other financial obligations	14		
Related parties and ownership	15		
Fee to auditors appointed at the general meeting	16		
Subsequent events	17		

Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2018	3,000	64,845	175,043	242,888
Dividend transferred to payables	0	0	-175,043	-175,043
Net profit/loss for the year	0	376	0	376
Equity at 31 December 2018	3,000	65,221	0	68,221

Notes

1 Accounting policies

Basis of Preparation

The Annual Report of GlaxoSmithKline Consumer Healthcare A/S for 2018 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 2018 is presented in TDKK.

Reclassifications

Other operating incomes is included as part of Operating profit/loss. In the 2017 financial statements, these were presented under Operating profit/loss and above Profit/loss before financial income and expenses.

Other operating expenses have been changed for the current financial year to be included within Administration costs. The 2017 comparison has been changed to show the same presentation. This does not affect the overall profit of the Company. This change has been implemented to comply with new DK GAAP rules.

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 is recognised in the income statement when supply and transfer of risk to the buyer have taken place and the income can be reliably measured and is expected to be received.

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

Cost of Goods Sold

The cost of goods sold comprises of standard costs incurred for the year.

Notes (continued)

1 Accounting policies (continued)

Sales and distribution expenses

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

Administrative expenses

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

Other operating income

Other operating income comprise items of a secondary nature to the core activities of the enterprise.

Financial income and expenses

Financial income and expenses comprising of interest, bank charges and foreign exchange 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 amortisation 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.

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 (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 are measured at cost and comprise insurance premiums, advertising expenses, etc.

Other payables

Other payables comprise rebates payable, accruals and payroll accruals.

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 (continued)

1 Accounting policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
2 Revenue		
Geographical segments		
Denmark	336,417	327,832
Iceland	<u>41,895</u>	<u>34,998</u>
	<u>378,312</u>	<u>362,830</u>
Business segments		
Wellness	328,250	320,231
Oral Health	25,509	25,758
Skin Health	18,018	8,044
Respiratory	<u>6,535</u>	<u>8,797</u>
	<u>378,312</u>	<u>362,830</u>
3 Staff		
Wages and salaries	25,792	20,801
Pensions	2,648	2,559
Other social security expenses	<u>839</u>	<u>721</u>
	<u>29,279</u>	<u>24,081</u>
Wages and salaries, pensions and other social security expenses are recognised in the following items:		
Sales and distribution expenses	16,600	12,444
Administration expenses	<u>12,679</u>	<u>11,637</u>
	<u>29,279</u>	<u>24,081</u>
Average number of employees	<u>44</u>	<u>42</u>

Notes (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.

Intercompany charges in 2018 DKK 8m (Royalties in 2017: DKK 2m) is part of Administrative expenses

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
4 Other operating income		
Intercompany service fees	2,780	1,484
	<u>2,780</u>	<u>1,484</u>
5 Financial income		
Interest received from group enterprises	19	14
Other financial income	216	816
	<u>235</u>	<u>830</u>
6 Financial expenses		
Interest paid to group enterprises	2	1
Other financial expenses	1,317	4,315
	<u>1,319</u>	<u>4,316</u>
7 Tax on profit/loss for the year		
Current tax for the year	442	1,396
Deferred tax for the year	-306	585
	<u>136</u>	<u>1,981</u>

Notes (continued)

8 Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	175,043
Retained earnings	<u>376</u>	<u>-171,788</u>
	<u>376</u>	<u>3,255</u>

9 Intangible assets

	Goodwill	Software
	TDKK	TDKK
Cost at 1 January 2018	<u>7,263</u>	<u>18,822</u>
Cost at 31 December 2018	<u>7,263</u>	<u>18,822</u>
Amortisation at 1 January 2018	4,116	7,476
Amortisation for the year	<u>1,452</u>	<u>1,759</u>
Amortisation at 31 December 2018	<u>5,568</u>	<u>9,235</u>
Carrying amount at 31 December 2018	<u>1,695</u>	<u>9,587</u>
Amortised over	<u>5 years</u>	<u>10 years</u>

10 Tangible fixed assets

	Equipment
	TDKK
Cost at 1 January 2018	<u>1,296</u>
Cost at 31 December 2018	<u>1,296</u>
Impairment losses and depreciation at 1 January 2018	1,282
Depreciation for the year	<u>14</u>
Impairment losses and depreciation at 31 December 2018	<u>1,296</u>
Carrying amount at 31 December 2018	<u>0</u>
Amortised over	<u>3 - 10 years</u>

2018

TDKK

2017

TDKK

Depreciation and impairment of tangible and intangible assets are recognised in the following items:

Administrative expenses	<u>3,225</u>	<u>3,379</u>
	<u>3,225</u>	<u>3,379</u>

Notes (continued)

11 Prepayments

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

12 Equity

3,000 shares with a nominal value of DKK 1,000

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

The equity has been unchanged for the last 5 years.

13 Deferred tax

Intangible assets

1,797

2,275

Property, plant and equipment

-96

-101

Other payables

0

-167

1,701

2,007

Deferred tax, beginning of the year

2,007

Deferred tax for the year

-306

Deferred tax, year end

1,701

14 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year

575

2,045

Between 1 and 5 years

653

588

1,228

2,633

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 after the non-terminable period is ended. Total commitments in the period of non-terminability amounts to TDKK 1,409.

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 (continued)

15 Related parties and ownership

Controlling interest

GlaxoSmithKline plc.
Brentford, UK

Basis

Ultimate parent company

GlaxoSmithKline Consumer Healthcare (Overseas) Ltd.,
Brentford, UK

Immediate parent company

Transactions

The company purchase pharmaceutical products and consumer healthcare products from group companies at arm's length. 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.

GSK Consumer has purchased 256m DKK of inventory from GSK Consumer Trading Services

GSK Consumer has 249m DKK of receivables from affiliates relating to loans, intercompany service fees and interests, and cross charges for warehousing and distribution costs

GSK Consumer has 212m DKK of payables to affiliates relating to cost of goods sold, intercompany charges of DKK 8m and FY17 dividends.

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

16 Fee to auditors appointed at the general meeting

Fee to auditors appointed at the general meeting has not been disclosed in accordance with section 96 (3) of the Danish Financial Statements Act. Reference is made to the consolidated Financial Statements of GlaxoSmithKline plc.

17 Subsequent events

No events have occurred subsequent to the balance sheet date that have significant bearing on the evaluation of the annual report.