

SmithKline Beecham Research Limited
(Registered number: 00229017)

Annual Report
for the year ended 31 December 2017



Registered office address:
980 Great West Road
Brentford
Middlesex
TW8 9GS
England

SmithKline Beecham Research Limited
(Registered number: 00229017)

Annual Report
for the year ended 31 December 2017

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SmithKline Beecham Research Limited
(Registered number: 00229017)

Strategic report for the year ended 31 December 2017

The Directors present their Strategic report on SmithKline Beecham Research Limited (the "Company") for the year ended 31 December 2017.

Principal activities and future developments

The Company is a member of the GlaxoSmithKline Group (the "Group"). The principal activity of the Company is the manufacture and supply of pharmaceutical and consumer healthcare products to Group companies in the Philippines. The Directors do not envisage any change to the nature of the business in the foreseeable future.

The Company is a private company and is incorporated and domiciled in the United Kingdom (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

Review of business

The Company made a loss for the financial year of £416,000 (2016: profit of £69,000). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable due to the positive net asset position of the Company and will remain so in the foreseeable future.

The loss for the financial year of £416,000 will be transferred from reserves (2016: profit for the year of £69,000 transferred to reserves).

Exceptional items

Exceptional items in the year ended 31 December 2016 included impairment of the investment of the Company's associate investment in GlaxoSmithKline Philippines Inc. ("GSKPI") of £177,000. As at 31 December 2016, the sale of GSKPI to a fellow Group company had not been concluded and the impairment referred to above was with reference to the fair value to be received for the sale.

Acquisition

On 1 June 2018, the Group completed the transaction with Novartis AG ("Novartis") to buy out Novartis' 36.5% stake in their Consumer Healthcare subgroup. The Consumer Healthcare subgroup was formed between the Group and Novartis in 2015, and the Group had control with an equity interest of 63.5%. Upon the completion of the transaction, the Group assumed full ownership of the Consumer Healthcare business.

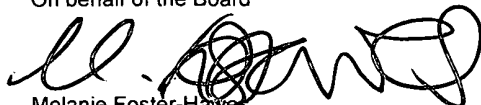
Principal risks and uncertainties

The Directors of GlaxoSmithKline Consumer Healthcare Holdings Limited manage the risks of the Company at the joint venture group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2017 Annual Report which does not form part of this report.

Key performance indicators (KPIs)

The Directors of GlaxoSmithKline Consumer Healthcare Holdings Limited manage the joint venture's operations on a global group basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2017 Annual Report which does not form part of this report.

On behalf of the Board



Melanie Foster-Hawes

Director

24 July 2018

SmithKline Beecham Research Limited
(Registered number: 00229017)

Directors' report for the year ended 31 December 2017

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

Results and dividends

The Company's results for the financial year are shown in the income statement on page 6.

No dividend is proposed to the holders of ordinary shares in respect of the year ended 31 December 2017 (2016: £nil).

Branches

The Company operates a branch in the Philippines, SmithKline Beecham Research Limited - Philippines.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

| | |
|---|---------------------------------|
| Edinburgh Pharmaceutical Industries Limited | |
| Glaxo Group Limited | |
| Melanie Foster-Hawes | |
| Richard Tattershall | (appointed on 30 November 2017) |
| Jonathan Box | (resigned on 30 November 2017) |

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business with the exception of the Corporate Directors, where such an interest may arise in the ordinary course of business. A corporate director is a legal entity of the Group as opposed to a natural person (an individual) director.

Directors' indemnity

Each of the Directors benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Directors in the execution and discharge of their duties.

In addition, each of the Directors who is an individual benefits from an indemnity given by another Group company, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by virtue of their engagement in the business of the Company.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

SmithKline Beecham Research Limited
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Directors' report for the year ended 31 December 2017 (continued)

Statement of Directors' responsibilities (continued)

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following items have been included in the Strategic report on page 1:

- principal activities and future developments;
- review of business;
- exceptional items;
- principal risks and uncertainties; and
- key performance indicators.

Governance

The Company's approach to the Modern Slavery Act 2015 is set by the Group. Each year, as part of their governance arrangements, the Group formally reviews and approves the approach to the Modern Slavery Act 2015 and has confirmed that the approach is still valid for 2017.

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Following the signing of the accounts the Company will be appointing Deloitte LLP as statutory auditors for the 2018 financial year.

On behalf of the Board



Melanie Foster-Hawes
Director
24 July 2018

SmithKline Beecham Research Limited
(Registered number: 00229017)

Independent auditors' report to the members of SmithKline Beecham Research Limited

Report on the audit of the financial statements

Opinion

In our opinion, SmithKline Beecham Research Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described on page 5.

SmithKline Beecham Research Limited
(Registered number: 00229017)

Independent auditors' report to the members of SmithKline Beecham Research Limited

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

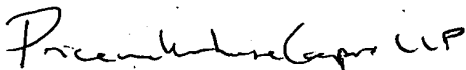
Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

The Company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 July 2018

SmithKline Beecham Research Limited
(Registered number: 00229017)

Income statement
for the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|--|-------|---------------|---------------|
| Turnover | 4 | 10,503 | 10,568 |
| Cost of sales | | (8,859) | (8,718) |
| Gross profit | | 1,644 | 1,850 |
| Administrative expenses | | (43) | (37) |
| Other operating expenses | | (1,435) | (1,328) |
| <i>Exceptional items:</i> | | | |
| Impairment of assets held for sale | 16 | - | (177) |
| Operating profit | 5 | 166 | 308 |
| Profit before interest and taxation | | 166 | 308 |
| Finance income | 7 | 65 | - |
| Finance expense | 8 | - | (39) |
| Finance expense-net | | 65 | (39) |
| Profit before taxation | | 231 | 269 |
| Taxation | 9 | (647) | (200) |
| (Loss)/profit for the year | | (416) | 69 |

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Statement of comprehensive income
for the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|----------------|---------------|
| (Loss)/profit for the year | | (416) | 69 |
| Items that may be subsequently reclassified to the income statement: | | | |
| Fair value movements on available-for-sale investments | 12 | 64 | (23) |
| Deferred tax on fair value movements on available-for-sale investments | 9 | (5) | - |
| Exchange movements on overseas net assets | | (2,084) | 3,045 |
| Items that will not be reclassified to the income statement: | | | |
| Actuarial (losses)/gains on pension schemes | 13 | (259) | 342 |
| Movement on deferred tax relating to pension schemes | 9 | 78 | (103) |
| Other comprehensive (loss) / income for the year | | (2,206) | 3,261 |
| Total comprehensive (loss) / income for the year | | (2,622) | 3,330 |

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Balance sheet
as at 31 December 2017

| | | 2017 | 2016 |
|--|--------------|-----------------|-----------------|
| | | £'000 | £'000 |
| Non-current assets | Notes | | |
| Property, plant and equipment | 10 | 6,637 | 6,659 |
| Investments in associates | 11 | - | - |
| Available-for-sale investments | 12 | 379 | 349 |
| Deferred tax assets | 9 | 537 | 457 |
| Pensions and other post employment benefits | 13 | - | 312 |
| Total non-current assets | | 7,553 | 7,777 |
| Current assets | | | |
| Inventories | 14 | 2,074 | 3,583 |
| Trade and other receivables | 15 | 3,928 | 17,307 |
| Cash and cash equivalents | | 3,980 | 3,812 |
| Assets held for sale | 16 | 8,312 | 9,167 |
| Total current assets | | 18,294 | 33,869 |
| Total assets | | 25,847 | 41,646 |
| Current liabilities | | | |
| Trade and other payables | 17 | (10,411) | (23,679) |
| Non-current liabilities | | | |
| Pensions and other post employment benefits | 13 | (91) | - |
| Total liabilities | | (10,502) | (23,679) |
| Net current assets | | 7,883 | 10,190 |
| Total assets less current liabilities | | 15,436 | 17,967 |
| Net assets | | 15,345 | 17,967 |
| Equity | | | |
| Share capital | 18 | 1,616 | 1,616 |
| Other reserves | 19 | 130 | 71 |
| Retained earnings | | 13,599 | 16,280 |
| Shareholders' equity | | 15,345 | 17,967 |

The financial statements on pages 6 to 25 were approved by the Board of Directors on 24 July 2018 and signed on its behalf by:



Richard Tattershall
Director

SmithKline Beecham Research Limited
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Statement of changes in equity
for the year ended 31 December 2017

| | Share capital £000 | Retained earnings £000 | Other reserves £000 | Total £000 |
|---|--------------------------|------------------------------|---------------------------|---------------|
| At 1 January 2016 | 1,616 | 12,927 | 94 | 14,637 |
| Profit for the financial year | - | 69 | - | 69 |
| Other comprehensive income/ (loss) | - | 3,284 | (23) | 3,261 |
| Total comprehensive income/ (loss) for the year | - | 3,353 | (23) | 3,330 |
| At 31 December 2016 | 1,616 | 16,280 | 71 | 17,967 |
| Loss for the financial year | - | (416) | - | (416) |
| Other comprehensive (loss)/income | - | (2,265) | 59 | (2,206) |
| Total comprehensive (loss)/income for the year | - | (2,681) | 59 | (2,622) |
| At 31 December 2017 | 1,616 | 13,599 | 130 | 15,345 |

SmithKline Beecham Research Limited
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Notes to the financial statements for the year ended 31 December 2017

1 Presentation of the financial statements

General information

SmithKline Beecham Research Limited (the "Company") is member of the GlaxoSmithKline Group (the "Group"). The principal activity of the Company is the manufacture and supply of pharmaceutical products to Group companies in the Philippines. The Directors do not envisage any change to the nature of the business in the future.

The Company is a private company and is incorporated and domiciled in the United Kingdom (England). The address of the registered office is 980 Great West Road, Brentford, Middlesex TW8 9GS.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of available for sale financial assets, and in accordance with the Companies Act 2006.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
 - (iv) paragraph 76 and 79(d) of IAS 40 Investment property;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (Statement of cash flows),
 - 10(f) (a Balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (Statement of compliance with all IFRS),
 - 38A (requirements for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third Balance sheet),
 - 111 (Cash flow statement information), and
 - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';

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Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and
- Paragraph 10 of IAS27 'Consolidated and Separate Financial Statements' (requirement to present consolidated financial statements).

The financial statements of GlaxoSmithKline plc can be obtained as described in note 2(b).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Consolidation

The Company is a subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. It has also met all of the exemption conditions under section 400 of the Companies Act 2006. GlaxoSmithKline plc, a company registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is GlaxoSmithKline Consumer Healthcare Holdings Limited. These financial statements are separate financial statements.

(c) Foreign currency transactions

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the income statement. The functional and presentation currency of the Company is Pounds Sterling.

On consolidation, assets and liabilities of the overseas branch are translated into Sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves. The Company retranslated its overseas branch results using the following rates (i) average rate of £1: PHP65.30 (2016: PHP64.40) and (ii) period end rate of £1: PHP67.60 (2016: PHP61.30).

(d) Turnover

Turnover is recognised in the income statement when goods or services are supplied or made available to external customers or other Group subsidiaries against orders received, title and risk of loss is passed to the customer, reliable estimates can be made of the relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Turnover represents the net invoice value after the deduction of discounts and allowances given, and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of historical information and past experience. Value added tax and other sales taxes are excluded from turnover.

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Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(e) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising and promotion expenditure is charged to the income statement as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Distribution costs on sales to customers are included in selling and distribution costs in the income statement.

(f) Retirement benefits

The Philippines branch operates a defined contribution pension scheme, the assets of which are held separately in a trustee administered fund. Contributions to the fund are charged to the income statement as incurred.

The Philippines branch also operates a non-contributory defined benefit scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. The costs of providing pensions under the defined benefit scheme are calculated using the projected unit credit method and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries. Present obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date. Actuarial gains and losses, differences between the expected and actual returns of assets and the effect of changes in actuarial assumptions are recognised in the statement of comprehensive income in the year in which they arise.

(g) Property, plant and equipment

Property, plant and equipment are stated at the cost of purchase or construction less provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets in construction.

Depreciation is calculated to write off the cost of property, plant and equipment, excluding freehold land, using the straight-line basis over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

| | |
|--|----------------|
| Freehold buildings | 20 to 50 years |
| Plant, machinery, equipment and vehicles | 3 to 20 years |

(h) Impairment of non-financial assets

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the income statement in the year concerned.

Impairment losses on other non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

(i) Leases

All leases are operating leases and the rental costs are charged to the income statement on a straight-line basis over the lease term.

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(j) Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads, where appropriate) and net realisable value. Net realisable value is the *estimated selling price in the ordinary course of business, less applicable variable selling expenses*. Cost is generally determined on a first in, first out basis. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product. Before that point a provision is made against the carrying value to its recoverable amount; the provision is then reversed at the point when a high probability of regulatory approval is determined.

(k) Trade and other receivables

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the income statement.

Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Long-term payables are discounted where the effect is material.

(n) Taxation

Current tax is provided at the amounts expected to be paid or refunded applying the rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(o) Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

(p) Investment in associates

Investments in associated are held at cost less accumulated impairment losses.

(q) Exceptional items

Exceptional items are items of income and expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that they require separate disclosure.

(r) Finance income and expense

Finance income and expenses are recognised on an accruals basis using the effective interest method.

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Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

(s) Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale investments and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale investments are initially recorded at fair value plus transaction costs and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses on available-for-sale investments are recognised directly in other comprehensive income.

On disposal or impairment of the investments, any gains and losses that have been deferred in other comprehensive income are reclassified to the income statement. Dividends on equity investments are recognised in the income statement when the Company's right to receive payment is established.

Interest on available-for-sale investments calculated using the effective interest method is recognised in the income statement/statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Company's right to receive payment is established.

Purchases and sales of equity investments are accounted for on the trade date and purchases and sales of other available-for-sale investments are accounted for on settlement date.

(t) Assets held for sale

Non-current assets and disposal groups are transferred to assets held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered highly probable. They are held at the lower of carrying amount and fair value less costs to sell.

(u) Share capital

Ordinary shares are classified as equity.

Notes to the financial statements for the year ended 31 December 2017

3 Key accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates. The following are considered to be the key accounting judgements and estimates made.

(a) Taxation

Current tax is provided at the amounts expected to be paid, and deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised, based on managements assumptions relating to the amounts and timing of future taxable profits.

(b) Pensions and other post-employment

The costs of providing pensions and other post-employment benefits are charged to the income statement in accordance with IAS 19 'Employee benefits' over the period during which benefit is derived from the employee's services. The costs are assessed on the basis of assumptions selected by management. These assumptions include future earnings and pension increases, discount rates, expected long-term rates of return on assets and mortality rates, and are disclosed in Note 14. Where a surplus on a defined benefit scheme arises, or there is potential for a surplus to arise from committed future contributions, the rights of the Trustees to prevent the Company from obtaining a refund of that surplus in the future are considered in determining whether it is necessary to restrict the amount of the surplus that is recognised.

(c) Impairment of investments in subsidiary and associates

Investments in subsidiary and associates are held at cost less accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of investments are impaired. These tests comprise a comparison between the carrying value of investments in subsidiary and associates and the net asset value of the subsidiary and associates. In some instances, valuations of subsidiary and associates are prepared. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

(d) Inventory provisioning

The Company manufactures and sells products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

4 Turnover

The Company's turnover was derived from the Pharmaceuticals and Consumer Healthcare business with customers located in the Philippines.

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Notes to the financial statements for the year ended 31 December 2017

5 Operating profit

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| The following items have been charged/(credited) in operating profit: | | |
| Depreciation of property, plant and equipment | 682 | 607 |
| Exchange gains on foreign currency transactions | (5) | (50) |
| Operating lease rentals: | | |
| Plant, equipment and vehicles | 81 | 60 |
| Inventories: | | |
| Cost of inventories included in cost of sales | 1,431 | 1,091 |
| Management fee | 6 | 4 |
| Audit fees: | | |
| Auditors' UK firm | 20 | 20 |
| Auditors' overseas firm | 5 | 4 |
| <i>Exceptional items:</i> | | |
| Impairment of investment in associate | - | 177 |

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged.

6 Employees

| | 2017 £'000 | 2016 £'000 |
|-----------------------|---------------|---------------|
| Employee costs | | |
| Wages and salaries | 2,040 | 1,562 |
| Social security costs | 35 | 34 |
| Other Pension costs | 122 | 267 |
| | 2,197 | 1,863 |

**The average monthly number of persons employed by the Company
(including Directors during the year)**

| | 2017 number | 2016 number |
|---------------|----------------|----------------|
| Manufacturing | 107 | 103 |

7 Finance income

| | 2017 £'000 | 2016 £'000 |
|----------------------------------|---------------|---------------|
| On loans with Group undertakings | 62 | - |
| Others | 3 | - |
| | 65 | - |

8 Finance expense

| | 2017 £'000 | 2016 £'000 |
|----------------------------------|---------------|---------------|
| On loans with Group undertakings | - | (39) |

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Notes to the financial statements for the year ended 31 December 2017

9 Taxation

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Income tax expense on ordinary activities | | |
| Current tax: | | |
| UK corporation tax | (14) | 231 |
| Overseas tax | 132 | 563 |
| Double tax relief | - | (231) |
| Adjustments in respect of previous years | 555 | 77 |
| Total current tax | 673 | 640 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (26) | (440) |
| Total deferred tax credit | (26) | (440) |
| Total tax charge for the year | 647 | 200 |

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20.00%). The differences are explained below:

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Reconciliation of total tax charge | | |
| Profit on ordinary activities before tax | 231 | 269 |
| Profit on ordinary activities at the UK statutory rate 19.25% (2016: 20.00%) | 44 | 54 |
| Effects of: | | |
| Expenses not taxable/deductible for tax purposes | (101) | 37 |
| Fixed asset differences | - | 185 |
| Permanent disallowable - interest treated as paid by ultimate parent | - | 2 |
| Double taxation relief | - | (231) |
| Overseas tax | 132 | 563 |
| Other differences | - | (213) |
| Adjustments to tax charge in respect of previous years | 555 | 77 |
| Deferred tax not recognised | - | (191) |
| Change in tax rate - impact on deferred tax | 17 | (83) |
| Total tax charge for the year | 647 | 200 |

Factors that may affect future tax charges:

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were fully enacted as part of Finance Bill 2016 on 15 September 2016. These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. This will impact the Company's future current tax charge accordingly. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Tax expense included in other comprehensive income | | |
| Deferred tax: | | |
| Fair value movements on available-for-sale financial assets | (5) | - |
| Defined benefit plans | 78 | 103 |
| Total tax expense included in other comprehensive income | 73 | 103 |

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Notes to the financial statements for the year ended 31 December 2017

9 Taxation (continued)

Movement in deferred tax assets and liabilities:

| | Pensions and other post retirement £'000 | Other net temporary differences £'000 | Total £'000 |
|----------------------------|---|--|----------------|
| At 1 January 2017 | (75) | 532 | 457 |
| Exchange adjustments | 3 | (22) | (19) |
| Credit to income statement | 26 | - | 26 |
| Credit/(charge) to equity | 78 | (5) | 73 |
| At 31 December 2017 | 32 | 505 | 537 |

After offsetting deferred tax assets and liabilities where appropriate, the net deferred tax asset comprises:

| | 2017 £'000 | 2016 £'000 |
|---------------------|---------------|---------------|
| Deferred tax assets | 537 | 457 |

10 Property, plant and equipment

| | Land and buildings £'000 | Plant, equipment and vehicles £'000 | Assets in construction £'000 | Total £'000 |
|------------------------------------|--------------------------------|--|------------------------------------|----------------|
| Cost | | | | |
| At 1 January 2017 | 2,701 | 10,994 | 1,819 | 15,514 |
| Additions | - | - | 1,310 | 1,310 |
| Reclassifications | 11 | 729 | (740) | - |
| Disposals and write-offs | - | (226) | - | (226) |
| Exchange movement | (271) | (1,005) | (188) | (1,464) |
| At 31 December 2017 | 2,441 | 10,492 | 2,201 | 15,134 |
| Accumulated depreciation | | | | |
| At 1 January 2017 | (1,072) | (7,783) | - | (8,855) |
| Charge for the year | (106) | (576) | - | (682) |
| Disposals and write-offs | - | 193 | - | 193 |
| Exchange movement | 126 | 721 | - | 847 |
| At 31 December 2017 | (1,052) | (7,445) | - | (8,497) |
| Net book value at 1 January 2017 | 1,629 | 3,211 | 1,819 | 6,659 |
| Net book value at 31 December 2017 | 1,389 | 3,047 | 2,201 | 6,637 |

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Notes to the financial statements for the year ended 31 December 2017

11 Investments in associates

| | Total £'000 |
|---|----------------|
| Cost | |
| At 1 January 2016 | 14,892 |
| Transferred to assets held for sale (note 16) | (14,892) |
| At 31 December 2016 and 31 December 2017 | - |
| Impairment | |
| At 1 January 2016 | (6,610) |
| Transferred to assets held for sale (note 16) | 6,610 |
| At 31 December 2016 and 31 December 2017 | - |
| Carrying value at 1 January 2016, 31 December 2016 and 31 December 2017 | - |

12 Available-for-sale investments

| | Total £'000 |
|------------------------------------|----------------|
| Cost | |
| At 1 January 2016 | 208 |
| Exchange adjustments | 54 |
| At 31 December 2016 | 262 |
| Exchange adjustments | (34) |
| At 31 December 2017 | 228 |
| Revaluation reserve | |
| At 1 January 2016 | 110 |
| Movement in the year | (23) |
| At 31 December 2016 | 87 |
| Movement in the year | 64 |
| At 31 December 2017 | 151 |
| Carrying value at 1 January 2016 | 318 |
| Carrying value at 31 December 2016 | 349 |
| Carrying value at 31 December 2017 | 379 |

Available-for-sale investments comprise entirely of listed investments of £379,000 (2016: £349,000).

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Notes to the financial statements for the year ended 31 December 2017

13 Pensions

The Philippines branch operates a defined contribution scheme. The assets of the scheme are held separately in a trustee administered fund. Contributions to the fund are charged to the income statement in the period to which the contributions relate. The charge for the year was £98,237 (2016: £90,819).

The Philippines branch also operates a non-contributory defined benefit scheme based on final pensionable pay and total years of service. The scheme assets are held separately in a trustee administered fund. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over the employees' working lives with the Company. The contributions are determined by an independent qualified actuary on the basis of valuations using the projected unit method. The most recent valuation was at 31 December 2017. The main assumptions used in this valuation were that the rate of return on investments would be 5.90% per annum and the rate of increase in salaries would be 6% per annum.

The net amount charged to the income statement during the year was £84,524 (2016: £90,766).

The Company accounts for pension arrangements in accordance with IAS 19 'Employee Benefits'. Certain disclosures are required on the basis of the valuation methodology adopted by IAS 19 'Employee Benefits'. For defined benefit schemes the fair values of pension scheme assets at 31 December 2017 are compared with the future pension liabilities calculated under the projected unit method applying the following assumptions:

Principal financial assumptions

| | 2017 % pa | 2016 % pa | 2015 % pa |
|-------------------------------------|--------------|--------------|--------------|
| Rate of increase of future earnings | 4.0 | 4.0 | 4.0 |
| Discount rate | 5.9 | 5.5 | 5.3 |
| Inflation rate | 6.0 | 4.0 | 4.0 |

Mortality assumptions

The mortality assumptions are based on 1983 Group Annuity Tables.

The expected long-term rates of return on the assets determined based on actuarial advice and the fair values of the assets and liabilities of the defined benefit schemes are as follows:

| | Expected Rate of Return % | 2017 £'000 | Expected Rate of Return % | 2016 £'000 | Expected Rate of Return % | 2015 £'000 |
|-------------------------------------|---------------------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| Cash in Bank | 0% | 1 | 0% | 1 | 0% | 1 |
| Investments | 5.3% | 1,147 | 5.3% | 1,158 | 5.3% | 731 |
| Land | 4% | - | 4% | - | 4% | - |
| Fair value of assets | | 1,148 | | 1,159 | | 732 |
| Present value of scheme obligations | | (1,239) | | (847) | | (732) |
| (Deficit) / surplus in the scheme | | (91) | | 312 | | - |

The actual gain on scheme assets was £62,199 (2016: gain of £444,448).

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Notes to the financial statements for the year ended 31 December 2017

13 Pensions (continued)

The following amounts were recorded in the income statement and the statement of comprehensive income for the year ended 31st December 2017.

| | | |
|---|--------------|--------------|
| Amounts charged to operating profit | 2017 | 2016 |
| | £'000 | £'000 |
| Current service cost | 85 | 91 |
| Amounts credited/(charged) to net interest | 2017 | 2016 |
| | £'000 | £'000 |
| Expected return on pension scheme assets | 62 | 36 |
| Interest on pension scheme liabilities | (49) | (36) |
| Total | 13 | - |
| Amounts recorded in statement of comprehensive income | 2017 | 2016 |
| | £'000 | £'000 |
| Actual return less expected return on pension scheme assets | - | 443 |
| Changes in assumptions underlying the present value of scheme liabilities | (259) | (101) |
| Actuarial (losses)/gains recognised | (259) | 342 |
| Changes to the present value of the defined obligation are as follows: | 2017 | 2016 |
| | £'000 | £'000 |
| Obligation in scheme at beginning of the year | 847 | 732 |
| Opening balance adjustment including retranslation | - | (98) |
| Effect on retranslation at year end exchange rates | (6) | - |
| Movement in year: | | |
| Charged to operating profit | 98 | 90 |
| Benefits paid | (8) | (14) |
| Interest cost | 49 | 36 |
| Actuarial losses recognised in the statement of comprehensive income | 259 | 101 |
| Obligation in scheme at end of the year | 1,239 | 847 |

An adjustment of £7,914 (2016: £14,105) was made to benefits paid bring the obligation in the scheme's 2017 closing value in line with the actuarial valuation performed.

Curtailment costs relate to employees who have availed of the early retirement package offered by the Branch. In the prior year these were recorded in the actuarial loss recognised in the statement of comprehensive income.

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Notes to the financial statements for the year ended 31 December 2017

13 Pensions (continued)

| Changes to the fair value of plan assets during the year are as follows: | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Assets in scheme at beginning of the year | 1,159 | 732 |
| Opening balance adjustment including retranslation | - | (39) |
| Effect on retranslation at year end exchange rates | (65) | - |
| Movement in year: | | |
| Expected return on plan assets | 62 | 37 |
| Benefits paid | (8) | (14) |
| Actuarial (losses)/gains recognised in the statement of comprehensive income | - | 443 |
| Assets in scheme at end of the year | 1,148 | 1,159 |

The cumulative actuarial gain recorded in the statement of comprehensive income amounted to £564,000 (2016: gain of £823,000).

| Sensitivity Analysis on Defined Benefit Obligation | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Discount Rate + 1% | 1,113 | 778 |
| Discount Rate - 1% | 1,487 | 1,041 |
| Salary Rate + 1% | 1,484 | 1,042 |
| Salary Rate - 1% | 1,111 | 775 |
| Turnover rate = 0% | 1,401 | 947 |

14 Inventories

| | 2017 £'000 | 2016 £'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 1,704 | 2,935 |
| Work in progress | 54 | 85 |
| Finished goods | 316 | 563 |
| | 2,074 | 3,583 |

15 Trade and other receivables

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Amounts due within one year | | |
| Amounts owed by Group undertakings | 2,550 | 14,683 |
| Other receivables | 1,378 | 2,624 |
| | 3,928 | 17,307 |

The amounts owed to Group undertakings are unsecured, interest free and are repayable on demand.

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Notes to the financial statements for the year ended 31 December 2017

16 Assets held for sale

| | Total £'000 |
|--|----------------|
| Cost | |
| At 1 January 2016 | - |
| Transferred from Investments in Associates (note 11) | 14,892 |
| Exchange adjustments | 1,895 |
| At 31 December 2016 | 16,787 |
| Exchange adjustments | (1,565) |
| At 31 December 2017 | 15,222 |
| Impairment | |
| At 1 January 2016 | - |
| Transferred from Investments in Associates (note 11) | (6,610) |
| Impairments | (177) |
| Other movements | (833) |
| At 31 December 2016 | (7,620) |
| Exchange adjustments | 710 |
| At 31 December 2017 | (6,910) |
| Carrying value at 31 December 2016 | 9,167 |
| Carrying value at 31 December 2017 | 8,312 |

The assets held for sale relates to the Company's investment in GlaxoSmithKline Philippines Inc. and is in the process of being sold to a fellow Group company. As at 31 December 2017 the transfer of ownership had not been concluded as local authorities had not issued the relevant legal and taxation documentation confirming transfer of ownership. This is in progress and is expected to be concluded in 2018. The investment has been impaired to the consideration expected to be received from the sale.

17 Trade and other payables

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Trade payables | 903 | 3,103 |
| Amounts owed to Group undertakings | 7,740 | 19,772 |
| Corporation tax | 51 | 121 |
| Other payables | 1,717 | 683 |
| | 10,411 | 23,679 |

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand, except for a call account balance with GlaxoSmithKline IHC Limited of £4,243,000 (2016: £nil) and interest bearing deposit with SmithKline Beecham Marketing and Technical Services Limited of £nil (2016: £14,806,000) which are unsecured with interest paid at LIBOR rate plus 0.25% (2016: LIBOR rate plus 0.25%) per annum and repayable on demand.

The corporation tax payable contains amounts which will be received from fellow Group companies.

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Notes to the financial statements for the year ended 31 December 2017

18 Share capital

| | 2017 Number of shares | 2016 Number of shares | 2017 £'000 | 2016 £'000 |
|--|-----------------------------|-----------------------------|---------------|---------------|
| Issued and fully paid | | | | |
| Ordinary Shares of 25p each (2016: 25p each) | 6,462,400 | 6,462,400 | 1,616 | 1,616 |

19 Other reserves

| | Fair value reserve £'000 |
|--|--------------------------------|
| At 1 January 2016 | 94 |
| Net fair value movements | (23) |
| At 31 December 2016 | 71 |
| Net fair value movements | 64 |
| Deferred tax impact on charges to reserves | (5) |
| At 31 December 2017 | 130 |

20 Commitments

| | | |
|---|-----------------------|-----------------------|
| The Company had annual commitments under non-cancellable operating leases expiring as follows: | 2017 £'000 | 2016 £'000 |
| Operating leases on plant, equipment and vehicles which expire: | | |
| Rental payments due within one year | 57 | 75 |
| Rental payments due between one and five years | 22 | 165 |
| | 79 | 240 |

21 Directors' remuneration

During the year the Directors of the Company, with the exception of the Corporate Directors, were remunerated as executives of the Group and received no remuneration in respect of their services to the Company (2016: £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2016: £nil).

22 Related party transactions

As a wholly owned subsidiary of the parent company, GlaxoSmithKline Consumer Healthcare Holdings Limited, advantage has been taken of the exemption afforded by FRS 101 'Reduced disclosure framework' not to disclose any related party transactions with other wholly owned members of the Consumer Healthcare Group, or information around remuneration of key management personnel compensation.

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22 Related party transactions (continued)

The table below outlines the amounts of the significant relevant transactions and significant outstanding amounts at the end of the financial year.

| | GlaxoSmithKline Group of companies 2017 £'000 | GlaxoSmithKline Group of companies 2016 £'000 |
|---|--|--|
| Sale or purchase of Goods and Services | | |
| GlaxoSmithKline Export Limited | 25 | 24 |
| GlaxoSmithKline Services Unlimited | 16 | 11 |
| Receivables/ (Payables) with related parties | | |
| GlaxoSmithKline Philippines Inc. | 775 | - |
| Glaxo Operations UK Limited | 71 | - |
| GlaxoSmithKline International Limited | - | 25 |
| GlaxoSmithKline Research & Development Limited | - | 27 |
| GlaxoSmithKline IHC Limited | (4,243) | 14,606 |
| Glaxo Group Limited | (1,604) | - |
| GlaxoSmithKline Services Unlimited | (25) | (9) |
| GlaxoSmithKline plc. | (50) | (50) |
| SmithKline Beecham Marketing and Technical Services Limited | - | (14,806) |
| GlaxoSmithKline Export Limited | (127) | (107) |
| Wellcome Limited | (18) | (18) |

23 Subsidiary

The subsidiary of the Company as at 31 December 2017 was as follows:

| Subsidiary | Direct shares held (%) | Indirect shares held (%) | Security | Address of the registered office |
|---|------------------------------|--------------------------------|----------|--|
| Sterling Products International, Incorporated | 100% | - | Common | Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, United States - 19808 |