

SmithKline Beecham (SWG) Limited
(Registered Number 190223)

Directors' Report and Financial Statements

For the Year Ended 31 December 2000



Registered office address:

Four New Horizons Court
Harlequin Avenue
Brentford
Middlesex
TW8 9EP

SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31 December 2000

The directors submit their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The Company's principal activity during the year was marketing, selling and distribution of consumer health medicines through an agency agreement with its immediate parent undertaking, SmithKline Beecham plc. The directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a profit on ordinary activities after taxation of £10,118,000 (1999: £8,936,000). The directors consider that the Company has traded satisfactorily during the year and that it will continue to do so in the future.

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 6. The directors do not recommend payment of a dividend (1999: nil). The retained profit of £10,118,000 will be transferred to reserves (1999: £8,936,000).

Merger of Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc

On 27 December 2000, Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc were acquired under a Scheme of Arrangement by GlaxoSmithKline plc. Accordingly GlaxoSmithKline plc became the ultimate holding company.

Directors and their interests

The directors of the Company who served during the year or are now current directors are as follows:

Glaxo Group Limited	(Appointed 19 February 2001)
Edinburgh Pharmaceutical Industries Limited	(Appointed 19 February 2001)
P F Blackburn	(Appointed 1 January 2000 and Resigned 2 March 2001)
R Bondy	(Appointed 1 January 2000 and Resigned 2 March 2001)
C A McClintock	(Resigned 22 February 2001)
S N Wilbraham	(Resigned 22 February 2001)

Directors' and officers' liability insurance, paid by SmithKline Beecham plc, was in place during the year.

None of the directors has a beneficial interest in the shares of the Company, or any other group company, other than SmithKline Beecham plc (GlaxoSmithKline plc from 27 December 2000).

SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31 December 1999 (Continued)

The following beneficial interests of the directors in office at the year end in the shares of the ultimate parent undertaking, GlaxoSmithKline plc (SmithKline Beecham plc prior to 27 December 2000), have been notified to the Company. Interests in SmithKline Beecham plc prior to 27 December 2000 have been converted into GlaxoSmithKline plc equivalents at the relevant merger ratio of 0.4552 of a GlaxoSmithKline plc share for each SmithKline Beecham plc share.

Ordinary Shares

	At 31 December 2000	At 31 December 1999*
P F Blackburn	7,688	7,176
R Bondy	4,923	1,425
C A McClintock	2,139	1,854
S N Wilbraham	352	481

Ordinary Share ADR's[#]

P F Blackburn	1,930	1,889
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*or at date of appointment if later

[#]an American Depository Receipt (ADR) represents two Ordinary shares

Options over Ordinary Shares

	31 December 2000	Exercised	Granted	31 December 1999*
P F Blackburn	129,810	-	-	129,810
R Bondy	72,182	-	1,854	70,328
C A McClintock	11,785	-	-	11,785
S N Wilbraham	2,457	-	-	2,457

*or at date of appointment if later

The options for the purchase of shares may be exercised at a variety of prices. Details of option prices and market prices of shares during the year, together with full details of the SmithKline Beecham Senior Executive Option Plans are disclosed in the accounts of GlaxoSmithKline plc. All options vested at the date of the SmithKline Beecham Court Meeting to approve the merger. This had no financial effect on the Company.

SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31 December 1999 (Continued)

Mid-Term Incentive Plans

Directors have acquired interests on a nil price basis in the following participations under the SmithKline Beecham Mid-Term Incentive Plan (MTIP). Under the terms of the MTIP the number of shares actually awarded was determined following the end of the relevant measurement period and depended on SmithKline Beecham plc's relative performance during that period.

Ordinary Shares

	31 December 2000	Vested	Granted	Lapsed	31 December 1999*
P F Blackburn	10,745	(2,650)	-	(82)	13,477
R Bondy	6,100	(1,855)	-	(57)	8,012

*or at date of appointment if later

The measurement period, relating to participations granted in November 1996 and March 1997, ended on 31 December 1999 and an award equivalent to 97% of the participations then granted was made on 9 March 2000, when the market price of a GlaxoSmithKline plc share (restated to reflect the merger) was £15.59.

As a result of the merger, the performance conditions in respect of grants made in 1997 (after March 1997), 1998 and 1999 were waived. The measurement period, relating to participations granted in November 1997, ended on 31 December 2000 and a final award of 100% of the target shares in that grant was confirmed on 8 February 2001. At that time the market price of a GlaxoSmithKline plc share was £18.38.

On the vesting of the MTIP awards the director may chose to receive the shares or to be granted a nil price option. Where the director has chosen to receive an option this is shown as a grant in the option table above.

Full details of the SmithKline Beecham MTIP are disclosed in the accounts of GlaxoSmithKline plc.

Policy on Payment of Creditors

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to the terms and conditions being met by the supplier. The Company does not have a standard or code which deals specifically with the payment of suppliers. Trade creditors at 31 December 2000 represented 16 days (1999: 22 days) of annual purchases.

European Monetary Union

The European Union introduced a single European currency, the Euro, on 1 January 1999. The Group is preparing for the transition to the Euro by testing and where necessary updating information systems. From 1 January 1999 the Company has been able to make and receive payments in Euros and all relevant systems have been updated to accommodate the new currency. All costs in connection with the introduction of the Euro have been borne by the Group.

SmithKline Beecham (SWG) Limited

Directors' Report for the Year Ended 31 December 1999 (Continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

In preparing the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Auditors

The Company has adopted the elective regime permitting it to dispense with the requirement to re-appoint auditors annually. Accordingly, PricewaterhouseCoopers, who have indicated their willingness to continue in office, shall be deemed to have been re-appointed annually until such time as notice proposing their removal is received.

By order of the Board



K J Bryant

Secretary

29/10/2001

SmithKline Beecham (SWG) Limited

Auditors' report to the members of SmithKline Beecham (SWG) Limited

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

20 / 12

2001

SmithKline Beecham (SWG) Limited

Profit and Loss Account for the Year Ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	2	29,079	31,347
Cost of sales		(9,993)	(11,037)
Gross profit		19,086	20,310
Distribution costs		(2,380)	(2,464)
Administrative expenses		(8,143)	(9,347)
Operating profit	2,3	8,563	8,499
Interest	7	5,838	4,312
Profit on ordinary activities before taxation		14,401	12,811
Tax on profit on ordinary activities	8	(4,283)	(3,875)
Profit for the financial year		10,118	8,936
Retained profit for the year	14	10,118	8,936

The results disclosed above relate entirely to continuing operations. There is no difference between the profit on ordinary activities before taxation and the retained profit stated above and their historical cost equivalents.

Statement of Total Recognised Gains and Losses

	2000 £'000	1999 £'000
Profit for the financial year	10,118	8,936
Exchange adjustment on net investment in overseas branch	(238)	(41)
Total recognised gains and losses	9,880	8,895

SmithKline Beecham (SWG) Limited

Balance Sheet as at 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	-	80
Current assets			
Debtors	11	98,206	78,107
Cash at bank and in hand		492	12,957
		98,698	91,064
Creditors - amounts falling due within one year	12	(14,237)	(16,563)
Net current assets		84,461	74,501
Total assets less current liabilities		84,461	74,581
Capital and reserves			
Called up share capital	13	5,000	5,000
Profit and loss account	14	79,461	69,581
Shareholders' funds - equity interests	15	84,461	74,581

Approved by the Board on 28 - OCT - 2001 and signed on its behalf by

E. Aray

Edinburgh Pharmaceutical Industries Limited - Director

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of accounting

These financial statements have been prepared under the historical cost convention, and comply with all applicable UK Accounting Standards which have been applied consistently.

Turnover

Turnover comprises amounts invoiced by the Company to third parties (excluding value added tax) in respect of goods despatched during the year.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of each transaction. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet dates. Profit and loss accounts of the Company's overseas branch are translated to sterling using average rates of exchange for the period. The net assets of the branch are translated to sterling at the rates of exchange ruling at the balance sheet dates. Exchange differences which relate to the translation of the net assets of the overseas branch are taken directly to reserves. All other exchange differences are taken to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided on timing differences using the liability method where it is probable that tax liabilities or assets will crystallise within the foreseeable future.

Tangible fixed assets

Tangible assets are stated at cost less depreciation. Depreciation is charged on the costs of tangible fixed assets in equal annual instalments over their estimated useful lives. The range of average lives for each major asset category is:

Motor vehicles	5 years
Office equipment and fittings	4 years

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

Fixed asset investments

Fixed asset investments are stated in the balance sheet at cost less any provision made for impairment in value.

2 Segmental Information

By Geographical Segment

	Turnover		Operating Profit		Net operating assets	
	2000	1999	2000	1999	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000
UK	29,079	31,347	8,666	8,662	83,969	63,148
Europe	-	-	(103)	(163)	-	(1,524)
Total	29,079	31,347	8,563	8,499	83,969	61,624

There is no material difference between destination and origin of turnover.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2000	1999
	£'000	£'000
Depreciation	12	12
Net foreign exchange (gains)/losses	(63)	15
Tangible fixed assets written off	38	-

4 Auditors' remuneration

The auditors' remuneration has been borne by SmithKline Beecham plc, the ultimate parent undertaking prior to 27 December 2000.

5 Directors' remuneration

The directors who served during the year were employees of and were remunerated for their services during that period by SmithKline Beecham plc, the ultimate parent undertaking prior to 27 December 2000. The directors earned no remuneration from the Company during the year (1999: nil).

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

6 Employee Information

In 2000, no employees were directly employed by the Company (1999: nil). There were no wages and salaries, social securities, or other pension costs incurred (1999: nil).

7 Interest

	2000 £'000	1999 £'000
Other interest receivable and similar income		
Interest receivable from group undertakings	4,077	3,478
Interest receivable on bank deposits	1,378	842
Other interest receivable	383	-
	5,838	4,320
Interest payable and similar charges		
Other interest payable	-	(8)
Net interest receivable	5,838	4,312

8 Tax on profit on ordinary activities

The tax charge is based on the taxable profit for the year and comprises:

	2000 £'000	1999 £'000
UK Corporation tax at 30% (1999: 30.25%)	4,324	3,895
Prior year over provision	(41)	(244)
Deferred taxation	-	224
	4,283	3,875

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

9 Tangible fixed assets

	Plant, equipment and motor vehicles £'000
Cost	
At 1 January 2000	178
Third party disposals	(21)
Transfers to other group undertakings	(81)
Assets written off	(90)
Exchange adjustment	14
At 31 December 2000	-
Accumulated depreciation	
At 1 January 2000	(98)
Charge for the period	(12)
Third party disposals	21
Transfers to other group undertakings	45
Assets written off	52
Exchange adjustment	(8)
At 31 December 2000	-
Net book value	
At 31 December 2000	-
At 31 December 1999	80

10 Fixed asset investments

Shares in group undertakings

	£'000
Cost	
At 1 January 2000 and 31 December 2000	Nil

At 31 December 2000 the Company owned 100% of the ordinary share capital of SmithKline Beecham (WI) Limited, a company incorporated in England and Wales. SmithKline Beecham (WI) Limited did not trade during the year.

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

11 Debtors

	2000 £'000	1999 £'000
Trade debtors	4,540	5,383
Amounts owed by group undertakings	93,125	72,245
Other debtors	541	479
	98,206	78,107

Included within other debtors is £223,000 due after one year (1999: £223,000).

12 Creditors – amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	519	1,432
Amounts due to group undertakings	-	1,630
Corporation tax	13,210	12,887
Other creditors	508	614
	14,237	16,563

13 Called up share capital

	2000 £'000	1999 £'000
Authorised		
Equity shares		
5,000,000 Ordinary shares of £1 each	5,000	5,000
Allotted, issued and fully paid		
Equity shares		
5,000,000 Ordinary shares of £1 each	5,000	5,000

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

14 Reserves

	Profit and loss account £'000
As at 1 January 2000	69,581
Retained profit for the year	10,118
Exchange movements	(238)
As at 31 December 2000	79,461

15 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	10,118	8,936
Exchange adjustment	(238)	(41)
Net addition to shareholders' funds	9,880	8,895
Opening shareholders' funds	74,581	65,686
Closing shareholders' funds – equity interests	84,461	74,581

16 Contingencies

The Company, together with fellow group undertakings has entered into a Group Banking Arrangement with the Company's principal bankers. The Bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the Bank of any other party to this agreement. The Company's maximum potential liability is limited to the amount held on its account with the Bank. No loss is expected to accrue to the Company from the agreement.

17 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking. The Company has therefore taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

SmithKline Beecham (SWG) Limited

Notes to Financial Statements - 31 December 2000

18 Group accounts

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group accounts under s.228 of the Companies Act 1985.

19 Ultimate parent undertaking

GlaxoSmithKline plc, a public limited company registered in England and Wales, is the Company's ultimate parent undertaking. The largest and smallest group of undertakings for which group accounts are prepared and which include the results of the Company, are the consolidated accounts of GlaxoSmithKline plc. Copies of the consolidated accounts can be obtained from The Secretary, GlaxoSmithKline plc, Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex UB6 0NN. The immediate parent undertaking is SmithKline Beecham plc.

20 Related party transactions

As a wholly owned subsidiary of GlaxoSmithKline plc, advantage has been taken of the exception afforded by Financial Reporting Standard 8 not to disclose any related party transactions within the Group. There are no other related party transactions.

21 Merger of Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc

On 27 December 2000, Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc were acquired under a Scheme of Arrangement by GlaxoSmithKline plc. Accordingly GlaxoSmithKline plc became the ultimate holding company.