

SmithKline Beecham Liaison Services Limited
(Registered Number 210520)

Annual Report and Financial Statements

For the Year Ended 31st December 2003

Registered office address:

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Brentford
Middlesex
TW8 9GS



SmithKline Beecham Liaison Services Limited

Annual Report and Financial Statements

For the Year Ended 31st December 2003

	Pages
Director's Report	1-2
Independent Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-9

SmithKline Beecham Liaison Services Limited

Directors' Report for the Year Ended 31st December 2003

The Directors submit their report and the audited financial statements for the year ended 31st December 2003.

Principal activities

The principal activity of the Company is to provide liaison and technical services in Cyprus to the Near East region including Cyprus, Lebanon, Jordan, Syria and Iraq.

On 31 December 2003, the Company transferred the trade, assets and liabilities of its Cyprus operation to GlaxoSmithKline Export Ltd at net book value, which is considered to be equal to fair value.

Review of business

The Company made a profit on ordinary activities after taxation of £12,000 (2002 - profit £59,000). The Directors are of the opinion that the year end finance position is satisfactory, however the current level of activity will significantly be reduced from the closure of Cyprus office.

The retained profit for the year of £12,000 will be transferred to reserves (2002 - retained profit for the year of £59,000 transferred to reserves).

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 4.

The Directors propose that no dividend be paid to the holders of Ordinary Shares in respect of the year ended 31st December 2003 (2002 - £nil).

Directors and their interests

The Directors of the Company who served during the year are as follows:

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

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 except where such an interest may arise in the ordinary course of business.

Save as disclosed, no arrangements to which the Company was a party existed at the end of the year, or at any time during the year, which would enable the Directors to acquire benefits through the acquisition of shares, or debentures of the Company, or any body corporate within the Group.

At 31st December 2003 none of the Directors have beneficial interests in the shares of any other Group company, except where such a beneficial interest may arise in the ordinary course of business.

Fixed assets

Details of the Company's Fixed Assets are given in Note 4 to the Accounts.

SmithKline Beecham Liaison Services Limited

Directors' Report for the Year Ended 31st December 2003

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.

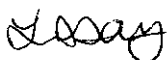
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Auditors

Elective resolutions to dispense with holding Annual General Meetings, the laying of accounts before the Company in general meetings and the appointment of Auditors annually are currently in force. The Auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this Report and Accounts are sent to members unless a resolution is passed under Section 393 of the Companies Act to the effect that their re-appointment be brought to an end.

By order of the Board



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Secretary

 June 2004

SmithKline Beecham Liaison Services Limited

Independent auditors' report to the members of SmithKline Beecham Liaison Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 Companies Act 1985. 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. The other information comprises only the Directors' report.

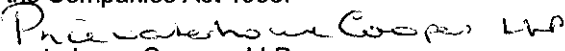
Basis of audit opinion

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 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

2 June 2004

SmithKline Beecham Liaison Services Limited

Profit and Loss Account

For the Year Ended 31st December 2003

		2003	2002
	Notes	£000	£000
Turnover		648	1,965
Administrative expenses		(617)	(1,721)
Trading profit/(loss)		31	244
Reorganisation and Restructuring costs		-	(150)
Profit on ordinary activities before taxation	2	31	94
Taxation	3	(19)	(35)
Profit on ordinary activities after taxation		12	59
Retained profit	9	12	59

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.

The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

The notes on pages 6 to 9 form part of these financial statements

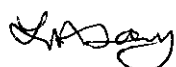
SmithKline Beecham Liaison Services Limited

Balance Sheet

As at 31st December 2003

		2003	2002
	Notes	£000	£000
Tangible assets	4	-	110
Fixed Assets		-	110
Debtors	5	3,397	3,453
Cash at bank		178	381
Current assets		3,575	3,834
Creditors: amounts due within one year	6	(3,378)	(3,759)
Net current assets		197	75
Net assets		197	185
Capital and reserves			
Called up share capital	8	16	16
Profit and loss account	9	181	169
Equity shareholders' funds	10	197	185

The accounts on pages 4 to 9 were approved by the Board of Directors on 2 June 2004 and were signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 6 to 9 form part of these financial statements.

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

1 Accounting policies

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

(a) Basis of accounting

These financial statements have been prepared using the historical cost convention, and have been drawn up in accordance with UK generally accepted accounting principles and with UK accounting presentation.

(b) Foreign currency translation

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction, or at the forward rate if hedged by a forward exchange contract. Foreign currency assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date, or at the forward rate. Exchange differences are included in trading profit. The retranslation of the opening reserves and results for the period of overseas branches that are denominated in a foreign currency are taken to the statement of total recognised gains and losses.

(c) Turnover

Turnover represents service fee income from group companies net of value added tax and other sales taxes.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less a provision for depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets, excluding freehold land, in equal annual instalments over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

Office fixtures and fittings	8 years
Residence furniture and fittings	10 years
Motor vehicles	5 years
Office machinery	4 years

On disposal of a tangible fixed asset, the cost and related accumulated depreciation are removed from the financial statements and the net amount, less any proceeds, is taken to the profit and loss account.

(e) Taxation

The Company accounts for taxation which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax on the retained earnings of overseas subsidiaries is only provided when there is a binding commitment to distribute past earnings in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax liabilities and assets are not discounted.

2 Operating profit

	2003 £000	2002 £000
The following items have been charged in operating profit		
Depreciation of tangible fixed assets:		
Owned assets	37	28
Profit/(loss) on disposal of fixed assets	(3)	-
Exchange losses/(gains) on foreign currency transactions	-	1
Audit fees		
Auditors' overseas firm	-	4

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

3 Taxation

	2003 £000	2002 £000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2002: 30%)	15	26
Under/(over) provision in previous years	6	4
Deferred taxation	(2)	5
Double taxation relief	(3)	-
Overseas taxation	3	-
	19	35

	2003 £000	2002 £000
Reconciliation of current taxation charge		
Profit on ordinary activities at the UK statutory rate 30%	9	28
Prior year adjustments to current tax	6	4
Accelerated capital allowances	1	(5)
Permanent differences	5	3
Double taxation relief	(3)	-
Overseas taxation	3	-
Current tax charge for the period	21	30

The prior periods tax charges were based on managements' best estimates that were revised during the year following submission of the tax returns or agreement with the tax authorities.

4 Tangible fixed assets

	Office fixtures & fittings	Residence furniture & fittings	Office Machinery	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost at 1st January 2003	35	30	119	22	206
Disposals	(35)	(30)	(119)	(22)	(206)
Cost at 31st December 2003	-	-	-	-	-
Depreciation at 1st January 2003	(13)	(10)	(59)	(14)	(96)
Provision for the year	(25)	(7)	(3)	(2)	(37)
Disposals	38	17	62	16	133
Depreciation at 31st December 2003	-	-	-	-	-
Net book value at 1st January 2003	22	20	60	8	110
Net book value at 31st December 2003	-	-	-	-	-

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

5 Debtors

	2003 £000	2002 £000
Amounts due within one year		
Amounts owed by group undertakings	3,369	3,282
Other debtors	28	165
Deferred tax	-	6
	3,397	3,453

6 Creditors

	2003 £000	2002 £000
Amounts due within one year		
Amounts owed to group undertakings	3,357	3,331
Taxation	-	26
Accruals and deferred income	21	402
	3,378	3,759

7 Deferred taxation asset/(liability)

	2003 £000	2002 £000
Accelerated capital allowances	-	6
Other timing differences	-	-
	-	6

Deferred tax asset	Total £000
At 1st January 2003	6
Credit for the year	2
Transferred to group company	(8)
At 31st December 2003	-

8 Called up share capital - equity interests

	2003 Number of shares	2002 Number of shares	2003 £000	2002 £000
Authorised				
Ordinary Shares of £1 each	16,500	16,500	16	16
Issued and fully paid				
Ordinary Shares of £1 each	16,402	16,402	16	16

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

9 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2003	169	169
Retained profit for the financial year	12	12
Exchange movements	-	-
At 31st December 2003	181	181

10 Reconciliation of movements in shareholders' funds

	2003 £000	2002 £000
Profit for the financial year	12	59
Net addition to shareholders' funds	12	59
Opening shareholders' funds	185	126
Closing shareholders' funds – equity interests	197	185

11 Employees

	2003 £000	2002 £000
Employee costs		
Wages and salaries	1,002	1,084
Social security costs	37	28
	1,039	1,112

The average number of employees, all of whom work overseas, employed by the Company during the year was 25 (2002:25)

12 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking. As a wholly owned subsidiary of the ultimate parent undertaking, advantage has been taken of the exemption afforded by Financial Reporting Standard 1 (Revised 1996) not to prepare a cash flow statement.

13 Ultimate parent undertaking

GlaxoSmithKline plc, registered in England and Wales, is the Company's ultimate parent undertaking. 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 accounts can be obtained from The Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham plc.

14 Related party transactions

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