

SmithKline Beecham Liaison Services Limited
(Registered Number 210520)

Annual Report and Financial Statements

For the Year Ended 31st December 2002

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 2002

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SmithKline Beecham Liaison Services Limited

Annual Report for the Year Ended 31st December 2002

The Directors submit their report and the audited financial statements for the year ended 31st December 2002.

Principal activities

The principal activity of the Company is to provide liaison and technical services in Cyprus.

Review of business

The Company made a profit on ordinary activities after taxation of £59,000 (2001 - £61,000). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The retained profit for the year of £59,000 (2001 - £61,000) will be 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 2002 (2001 - £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

Where the Directors have beneficial interests in the shares of other group companies, these are held as investments and arise in the ordinary course of the business. None of the Directors have beneficial interests in the shares of GlaxoSmithKline plc.

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.

Change in Company Secretary

Mrs K J Bryant resigned as Company Secretary on 18th January 2002 and was replaced by Edinburgh Pharmaceutical Industries Limited.

SmithKline Beecham Liaison Services Limited

Annual Report for the Year Ended 31st December 2002

Fixed assets

Details of the Company's Fixed Assets are given in Note 6 to the Accounts.

Statement of directors' responsibilities

Company law requires the Directors and Auditors 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

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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability partnership (LLP) from 1st January 2003, PricewaterhouseCoopers resigned on 6th February 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP to the Company will be proposed at the Company's Annual General Meeting.

By order of the Board



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Secretary

27 October 2003

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, the statement of total recognised gains and losses 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

27 October 2003

SmithKline Beecham Liaison Services Limited

Profit and Loss Account

For the Year Ended 31st December 2002

		2002	2001
			(Restated)
	Notes	£000	£000
Turnover		1,965	2,375
Administrative expenses		(1,721)	(1,806)
Trading profit		244	569
Reorganisation and Restructuring costs	4	(150)	(470)
Profit on ordinary activities before taxation		94	99
Taxation	5	(35)	(38)
Profit on ordinary activities after taxation		59	61
Retained profit	11	59	61

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 7 to 11 form part of these financial statements

SmithKline Beecham Liaison Services Limited

**Statement of Total Recognised Gains and Losses
For the Year Ended 31st December 2002**

	2002	2001
		(Restated)
	£000	£000
Profit for the financial year	59	57
Prior period adjustments - implementation of FRS 19	-	4
Total gains and losses recognised since last annual report	59	61

The notes on pages 7 to 11 form part of these financial statements

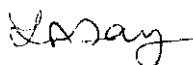
SmithKline Beecham Liaison Services Limited

Balance Sheet

As at 31st December 2002

	Notes	2002 £000	2001 (Restated) £000
Tangible assets	6	110	119
Fixed Assets		110	119
Debtors	7	3,453	3,235
Cash at bank		381	347
Current assets		3,834	3,582
Creditors: amounts due within one year	8	(3,759)	(3,575)
Net current assets		75	7
Net assets		185	126
Capital and reserves			
Called up share capital	10	16	16
Profit and loss account	11	169	110
Equity shareholders' funds	12	185	126

The accounts on pages 4 to 11 were approved by the Board of Directors on 27 October 2003 and were signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 7 to 11 form part of these financial statements

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

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 are prepared under the historical cost convention, and comply with all applicable UK accounting standards.

(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.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as a tangible fixed asset where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset.

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 accounts 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 profit.

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.

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

2 New accounting policies and requirements

The Company has implemented Financial Reporting Standard 19: 'Deferred taxation' in 2002, which requires deferred tax to be accounted for on a full provision basis rather than a partial provision basis as before. The effect in 2001 is to increase the total tax credit by £4000. The net deferred tax position at 31 December 2001 has been changed from nil to an asset of £11,000.

The effect of adopting the standard on the 2002 tax charge and the closing deferred tax balance at 31 December 2002, is nil.

3 Operating profit

	2002 £000	2001 £000
The following items have been charged in operating profit		
Depreciation of tangible fixed assets:		
Owned assets	28	23
Exchange loss/(gains) on foreign currency transactions	1	(1)
Auditors' overseas firm	4	4

4 Exceptional items

Restructuring costs were incurred by the company in implementation of the merger plans in Cyprus, as announced in 2001.

The effect on the tax charge when incurring these exceptional costs is to decrease the tax charge by £45,000 (2001: £141,000 decrease to tax charge).

5 Taxation

	2002 £000	2001 (Restated) £000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2001: 30%)	26	40
Deferred taxation	5	(4)
Prior Year Adjustment	4	2
	35	38
	2002 £000	2001 (Restated) £000
Reconciliation of current tax charge		
Tax on ordinary profits at UK standard tax rate	28	30
Prior year adjustments to current tax	4	2
Capital allowances in excess of depreciation	(5)	4
Permanent Differences	3	6
Current tax charge for the period	30	42

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.

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

6 Tangible fixed assets

	Office fixtures & fittings £000	Residence furniture & fittings £000	Office Machinery £000	Motor vehicles £000	Total £000
Cost at 1st January 2002	35	26	112	58	231
Additions	-	4	7	8	19
Disposals	-	-	-	(44)	(44)
Cost at 31st December 2002	35	30	119	22	206
Depreciation at 1st January 2002	(10)	(3)	(41)	(58)	(112)
Depreciation - charge for the year	(3)	(7)	(18)	-	(28)
Disposals	-	-	-	44	44
Depreciation at 31st December 2002	(13)	(10)	(59)	(14)	(96)
Net book value at 1st January 2002	25	23	71	-	119
Net book value at 31st December 2002	22	20	60	8	110

7 Debtors

	2002 £000	2001 (Restated) £000
Amounts due within one year		
Amounts owed by group undertakings	3,282	3,039
Other debtors	165	185
Deferred tax	6	11
	3,453	3,235

8 Creditors

	2002 £000	2001 £000
Amounts due within one year		
Amounts owed to group undertakings	3,331	3,153
Taxation	26	46
Accruals and deferred income	402	376
	3,759	3,575

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

9 Deferred taxation asset

	2002	2001 (Restated)
	£000	£000
Accelerated capital allowances	6	11
	6	11

	2002	2001 (Restated)
	£000	£000
Deferred tax reconciliation		
At 1st January 2002	11	7
Charge for the year	(5)	4
At 31 December 2002	6	11

10 Called up share capital - equity interests

	2002 Number of shares	2001 Number of shares	2002 £000	2001 £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

11 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2002 as previously reported	99	99
Prior year adjustment - FRS 19	11	11
At 1st January 2002 as restated	110	110
Retained profit for the financial year	59	59
At 31st December 2002	169	169

SmithKline Beecham Liaison Services Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

12 Reconciliation of movements in shareholders' funds

	2002	2001
	£000	£000
Profit for the financial year	59	61
Opening shareholders' funds as previously reported	115	58
Prior year adjustment - FRS19	11	7
Opening shareholders' funds restated	126	65
Closing shareholders' funds – equity interests	185	126

13 Employees

	2002	2001
	£000	£000
Employee costs		
Wages and salaries	1,084	858
Social security costs	28	16
	1,112	874

The average number of employees, all of whom work overseas, employed by the Company during the year was 25 (2001:22)

14 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).

15 Ultimate parent undertaking

GlaxoSmithKline, 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, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham plc.

16 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.