

SmithKline Beecham (Investments) Limited
(Registered Number 302065)

Directors' Report and Financial Statements

For the Year Ended 31st December 2001

Registered office address:

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Brentford
Middlesex
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SmithKline Beecham (Investments) Limited
Directors' Report and Financial Statements
For the Year Ended 31st December 2001

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SmithKline Beecham (Investments) Limited

Directors' Report for the Year Ended 31st December 2001

The directors submit their report and the audited financial statements for the year ended 31st December 2001.

Principal activities

The Company's principal activity during the year was the receipt of interest on cash deposits. 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 £15,399,000 (2000 - £17,726,000). The directors are of the opinion that the current level of activity, and the year end financial position is satisfactory and will remain so in the foreseeable future.

The retained profit for the year of £15,399,000 will be transferred to reserves (2000 - £974,000 loss).

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 2001 (2000 - £18,700).

Change in Company Secretary

Mr S N Wilbraham resigned as Company Secretary on 28th February 2001.

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

Directors and their interests

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

Glaxo Group Limited	(Appointed 28th February 2001)
Edinburgh Pharmaceutical Industries Limited	(Appointed 28th February 2001)
P F Blackburn	(Resigned 1st March 2001)
S T Crompton	(Resigned 1st March 2001)
N C Dee	(Resigned 1st March 2001)

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

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.

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 or their families to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate within the Group.

SmithKline Beecham (Investments) Limited

Directors' Report for the Year Ended 31st December 2001

European Monetary Union

The Company made preparations for the full introduction of the single currency on 1st January 2002 within the 12 countries in Europe directly affected. These preparations have included the conversion of information systems, data and financial processes as well as the training of staff. In the short-term the Company does not expect the costs or benefits from the introduction of the euro to have a material effect on the Company's trading performance.

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

Elective resolutions to dispense with holding Annual General Meetings, the laying of accounts before the Company in general meeting and the appointment of Auditors annually are currently in force. The Auditors, PricewaterhouseCoopers, 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 the members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their reappointment be brought to an end.

By order of the Board



L Nuttall

For and on behalf of Edinburgh Pharmaceutical Industries Limited
Secretary

28th June 2002

SmithKline Beecham (Investments) Limited

Independent auditors' report to the members of SmithKline Beecham (Investments) 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.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
28 June 2002

SmithKline Beecham (Investments) Limited

Profit and Loss Account

For the Year Ended 31st December 2001

	<i>Notes</i>	2001 £'000	2000 £'000
Net interest receivable	3	21,998	25,323
Profit on ordinary activities before taxation		21,998	25,323
Taxation	4	(6,599)	(7,597)
Profit on ordinary activities after taxation		15,399	17,726
Dividends	5	-	(18,700)
Retained profit	9	15,399	(974)

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 (Investments) Limited

Balance Sheet

As at 31st December 2001

	Notes	2001 £'000	2000 £'000
Debtors	6	57,568	56,084
Cash at bank		326,692	313,024
Current assets		384,260	369,108
Creditors: amounts due within one year	7	(23,163)	(23,410)
Net current assets		361,097	345,698
Total assets less current liabilities		361,097	345,698
Capital and reserves			
Called up share capital	8	1,454	1,454
Share premium account	9	333,477	333,477
Profit and loss account	9	26,166	10,767
Equity shareholders' funds	10	361,097	345,698

The accounts on pages 4 to 9 were approved by the Board of Directors on 28th June 2002 and were signed on its behalf by:



L Nuttall

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 (Investments) Limited

Notes to the Financial Statements for the Year Ended 31st December 2001

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.

(c) Taxation

Deferred taxation, calculated using the liability method, is accounted for by the Company for taxation deferred or accelerated by reasons of timing differences. Deferred taxation relief is accounted for in full on long-term timing differences in respect of provisions for unfunded retirements benefits. Taxation deferred or accelerated by reason of short-term and other timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

2 New accounting policies and requirements

The Company has implemented Financial Reporting Standard 18: 'Accounting policies' which updates an existing standard and provides new guidance. It has not had a significant effect on measurement of the results and assets and liabilities of the Company.

3 Net interest receivable

	2001 £'000	2000 £'000
Investment income		
Interest income on bank deposits	19,449	22,617
On loans with group undertakings	2,549	2,706
	21,998	25,323

4 Taxation

	2001 £'000	2000 £'000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2000: 30%)	6,599	7,597
	6,599	7,597

No provision is required for deferred taxation.

5 Dividends

	2001 £'000	2000 £'000
Interim dividend - paid	-	18,700
	-	18,700

SmithKline Beecham (Investments) Limited

Notes to the Financial Statements for the Year Ended 31st December 2001

6 Debtors

	2001 £'000	2000 £'000
Amounts due within one year		
Amounts owed by group undertakings	53,323	50,774
Other debtors	4,245	5,310
	57,568	56,084

7 Other creditors

	2001 £'000	2000 £'000
Amounts due within one year		
Amounts owed to group undertakings	7,597	6,846
Taxation	15,566	16,564
	23,163	23,410

8 Called up share capital - equity interests

	2001 Number of shares	2000 Number of shares	2001 £'000	2000 £'000
Authorised				
Ordinary Shares of £1 each	2,000,000	2,000,000	2,000	2,000
Issued and fully paid				
Ordinary Shares of £1 each	1,453,542	1,453,542	1,454	1,454

9 Reserves - equity interests

	Profit & Loss account £'000	Share Premium £'000	Total Reserves £'000
At 1st January 2001	10,767	333,477	344,244
Profit retained	15,399	-	15,399
At 31st December 2001	26,166	333,477	359,643

SmithKline Beecham (Investments) Limited

Notes to the Financial Statements for the Year Ended 31st December 2001

10 Reconciliation of movement in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year	15,399	17,726
Dividends	-	(18,700)
Net addition to shareholders' funds	15,399	(974)
Opening shareholders' funds	345,698	346,672
Closing shareholders' funds – equity interests	361,097	345,698

11 Contingent liabilities/assets

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.

12 Employees

There are no employees of the Company as all personnel are employed by other group companies.

13 Directors' Remuneration

During the year the Directors of the Company, with the exception of the Corporate Directors, were remunerated as executives of the GlaxoSmithKline group and received no remuneration in respect of their services to the Company (2000 - £nil). Corporate Directors received no remuneration during the year, neither as executives of the GlaxoSmithKline group nor in respect of their services to the Company.

14 Auditors' Remuneration

The auditors' remuneration has been borne by the GlaxoSmithKline Group.

15 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).

16 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.

17 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, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham plc.

SmithKline Beecham (Investments) Limited

Notes to the Financial Statements for the Year Ended 31st December 2001

18 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, 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.