

SMITHKLINE BEECHAM (INVESTMENTS) LIMITED
(Formerly known as County Laboratories Limited)
Registered Number: 302065

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996



SMITHLINE BEECHAM (INVESTMENTS) LIMITED
(Formerly known as County Laboratories Limited)

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SMITHLINE BEECHAM (INVESTMENTS) LIMITED
(Formerly known as County Laboratories Limited)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

Registered Office: Four New Horizons Court
Harlequin Avenue
Brentford
Middlesex
TW8 9EP

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The Company did not trade during the financial year. The principal activity of the Company was the receipt of royalties from the manufacture of beverage products in Kenya. This activity ceased on 23 June 1993, following the reassignment of the agreement for receipt of royalties to SmithKline Beecham plc, trading as SmithKline Beecham Consumer Healthcare. The Directors intend the company to become a holding company.

REVIEW OF BUSINESS

The Company's made neither a profit or a loss for the year. (1995: Loss of £1,362).

RESULTS AND DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 1996 (1995:£nil).

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996
(Continued)

DIRECTORS

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

A M Horler	Resigned 28 May 1997
C A McClintock	Resigned 28 May 1997
A Bonfield	Appointed 28 May 1997
H Collum	Appointed 28 May 1997
S Crompton	Appointed 28 May 1997
N Dee	Appointed 28 May 1997

Directors' and officers' liability insurance, paid for 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.

The following beneficial interests of the Directors in office at the year end in the shares of the ultimate parent undertaking, SmithKline Beecham plc, have been notified to the Company

	Ord Shares At 31 December <u>1996</u>		Ord Shares At 31 December <u>1995</u>	
A. M. Horler	1,526		1,553	
C.A. McClintock	1,333		1,236	
	31 December <u>1996</u>	<u>Granted</u>	Options over Ord Shares Exercised/ <u>lapsed</u> 31 December <u>1995</u>	
A M Horler	36,397	8,412	3,999	31,984
C A McClintock	-	-	-	-

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996
(Continued)

DIRECTORS (Continued)

Share Simplification

Prior to the simplification of its share capital on 15 April 1996, SmithKline Beecham plc had two classes of share capital, A Shares and Equity Units. Each Equity Unit comprised one B Share of SmithKline Beecham plc and one participating Preferred Share of SmithKline Beecham Corporation ("SB Corp."). Each A Share ADR represented five A Shares and each Equity Unit ADR represented five Equity Units. On April 15, 1996 the SB Corp Preferred Shares were redeemed in exchange for a payment of US\$0.225 per Preferred Share held (US\$1.125 per Equity Unit ADR). Following this redemption, a capitalisation issue was made to holders of A Shares on the basis of one new A Share for every 52.6285 shares held on 12 April, 1996. Both A Shares and B Shares were then redesignated as a single class of Ordinary Shares. Directors' Interests in A Shares as at 31 December, 1995 have been restated as interests in Ordinary Shares to reflect the capitalisation issue of A shares made as part of simplification.

Mid-Term Incentive Plans

On 7 June 1996 and 21 November 1996, the Directors acquired interest in shares as follows under the SmithKline Beecham Mid-Term Incentive Plan. These interests are conditional and will in general vest in whole or in part only to the extent that the Company meets certain performance conditions. They have been acquired on a nil price basis and, to the extent they vest, will be exercisable after 1 January 1999, and 1 January 2000 respectively.

	Ord Shares
	At 31 December
	<u>1996</u>
A M Horler	4,200
C A McClintock	-

Full details of the SmithKline Beecham Executive Share Option Plans are disclosed in the accounts of SmithKline Beecham plc.

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996
(Continued)

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

All accounting standards which they consider to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

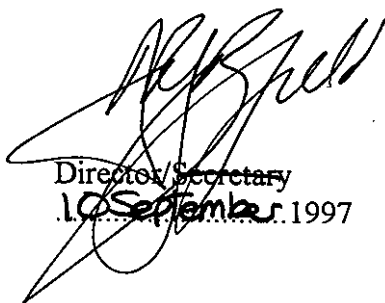
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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, Price Waterhouse, 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



Director/Secretary
10 September 1997

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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AUDITORS' REPORT TO THE SHAREHOLDERS SMITHKLINE BEECHAM
(INVESTMENTS) LIMITED

We have audited the financial statements on pages 7 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and report our opinion to you.

Basis of 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 as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants and
Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

11 September 1997

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
(Formerly known as County Laboratories Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	Year ended 31 December	
		1996	1995
		£	£
Profit on ordinary activities before taxation		=	=
Tax on profit on ordinary activities		=	<u>(1,362)</u>
Loss for the financial year		=	<u>(1,362)</u>

During the financial year the Company received no income and accrued no expenditure. Consequently the Company made neither a profit nor a loss.

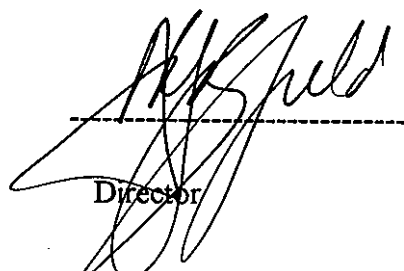
The notes on pages 9 to 10 form an integral part of these financial statements.

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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COMPANY BALANCE SHEET

	Notes	At 31 December	
		1996	1995
		£	£
Current assets			
Debtors : amounts due after more than one year	2	939,529	939,529
Creditors: amounts falling due within one year	3	<u>(5,618)</u>	<u>(5,618)</u>
Net current assets		<u>933,911</u>	<u>933,911</u>
Capital and reserves			
Share capital	4	800,000	800,000
Profit and loss account	6	133,911	133,911
Total shareholders' funds	5	<u>933,911</u>	<u>933,911</u>

Approved by the Board on
10 September 1997
 and signed on their behalf by:



 Director

The notes on pages 9 to 10 form an integral part of these financial statements.

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

NOTES TO THE FINANCIAL STATEMENTS

1. DIRECTORS' EMOLUMENTS AND AUDITORS' REMUNERATION

The Directors are employees of and are remunerated for their services by SmithKline Beecham plc, the ultimate parent undertaking. The Directors received no remuneration from the Company during the year (1995: nil). The auditors' remuneration has been borne in the ultimate parent undertaking, SmithKline Beecham plc.

2. DEBTORS : Falling due after more than one year:

	1996 £	1995 £
Amounts owed by Group undertakings	<u>939,529</u>	<u>939,529</u>

3. OTHER CREDITORS :AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Corporation tax payable	<u>5,618</u>	<u>5,618</u>

4. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, issued and fully paid:		
800,000 Ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>

SMITHLINE BEECHAM (INVESTMENTS) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
YEAR ENDED 31 DECEMBER 1996**

	1996 £	1995 £
Opening balance	933,911	935,273
Loss for the year	<u> -</u>	<u>(1,362)</u>
Closing balance	<u>933,911</u>	<u>933,911</u>

6. RESERVES

	Profit and loss account reserve £
At 1 January 1996	<u>(133,911)</u>
At 31 December 1996	<u>(133,911)</u>

7. CASHFLOW STATEMENTS

A cashflow statement has been included in the consolidated financial statements of SmithKline Beecham plc, the ultimate parent undertaking. The Company is therefore exempt from the requirement to produce a cashflow statement.

8. ULTIMATE PARENT UNDERTAKING

SmithKline Beecham 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 SmithKline Beecham (Investments) Limited, are the consolidated accounts of SmithKline Beecham plc. Copies of the consolidated accounts can be obtained from New Horizons Court, Great West Road, Brentford, Middlesex, TW8 9EP.