

SmithKline Beecham Marketing and Technical Services Limited
(Registered Number 494385)

Annual Report and Financial Statements

For the year ended 31st December 2006

Registered office address

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Middlesex
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SmithKline Beecham Marketing and Technical Services Limited

Annual Report and Financial Statements

For the year ended 31st December 2006

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SmithKline Beecham Marketing and Technical Services Limited

Directors' Report for the year ended 31st December 2006

The Directors submit their report and the audited financial statements for the year ended 31st December 2006

Principal activities

The principal activity of the Company is the marketing of pharmaceutical and consumer healthcare products through representative offices in the Middle East, Slovakia, Ukraine, Kazakhstan, Bulgaria, Romania and the Baltic States. The Company did not undertake any activity in the UK during the year ended 31 December 2006. 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 £341,000 (2005 - profit of £65,000). 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 profit for the year of £341,000 will be transferred to reserves (2005 - profit for the year of £65,000 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.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2006 (2005 - £nil).

Directors and their interests

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

Glaxo Group Limited
Edinburgh Pharmaceutical Industries 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 GlaxoSmithKline Group (the Group).

At 31st December 2006 none of the Directors had beneficial interests in the shares of any other Group company, except where such a beneficial interest may arise in the ordinary course of business.

Directors' Indemnity

Each of the Directors benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of its duties.

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

SmithKline Beecham Marketing and Technical Services Limited

Directors' Report for the year ended 31st December 2006

Statement of Directors' responsibilities (continued)

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.

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 reappointed 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 reappointment be brought to an end.

By order of the Board



P. Williamson

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary

2nd March 2007

SmithKline Beecham Marketing and Technical Services Limited

Independent Auditors' Report to the members of SmithKline Beecham Marketing and Technical Services Limited

We have audited the financial statements of SmithKline Beecham Marketing and Technical Services Limited for the year ended 31st December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31st December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
2nd March 2007

SmithKline Beecham Marketing and Technical Services Limited

Profit and Loss Account

For the year ended 31st December 2006

	<i>Notes</i>	2006 £000	2005 £000
Turnover		5,004	2,785
Administrative expenses		(4,624)	(2,653)
Operating profit	<i>2</i>	380	132
Net interest receivable	<i>3</i>	106	-
Profit on ordinary activities before taxation		486	132
Taxation	<i>4</i>	(145)	(67)
Retained profit	<i>10</i>	341	65

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

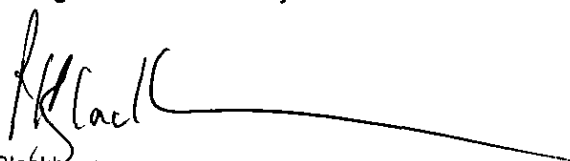
SmithKline Beecham Marketing and Technical Services Limited

Balance Sheet

As at 31st December 2006

	Notes	2006 £000	2005 £000
Tangible assets	5	56	77
Fixed assets		56	77
Debtors	6	24,691	20,952
Cash at bank		37	69
Current assets		24,728	21,021
Creditors amounts due within one year	7	(22,025)	(18,680)
Net current assets		2,703	2,341
Net assets		2,759	2,418
Capital and reserves			
Called up share capital	9	2,010	2,010
Profit and loss account	10	749	408
Equity shareholders' funds	11	2,759	2,418

The accounts on pages 4 to 9 were approved by the Board of Directors on 2nd March 2007 and were signed on its behalf by



P Blackburn

For and on behalf of Glaxo Group Limited – Director

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

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31st December 2006

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 transactions

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 operating profit

(c) Revenue

Revenue represents service fee income from Group companies for services rendered by the Company's representative offices and is recognised when services are performed

(d) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less provisions for depreciation or impairment

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

Motor Vehicles	4 to 5 years
Fixtures and equipment	3 to 10 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

(f) Impairment of fixed assets

The carrying values of fixed assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged against profit in the year concerned. Impairment is determined by reference to the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows

(g) 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 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

	2006 £000	2 005 £000
The following items have been charged in operating profit		
Depreciation of tangible fixed assets		
Owned assets	31	52
Loss/(profit) on disposal of fixed assets	21	(36)
Exchange losses/(gains) on foreign currency transactions	307	(359)
Management fee	8	6

Auditors' remuneration of £4 405 has been borne by GlaxoSmithKline Export Limited

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged

3 Net interest receivable

	2006 £000	2005 £000
Interest payable		
On loans with group undertakings	(600)	-
Investment income		
On loans with group undertakings	706	-
	106	-

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31st December 2006

4 Taxation

	2006 £000	2005 £000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2005 30%)	(148)	(30)
Over/(Under) provision in previous years	4	(22)
Deferred taxation	(1)	(15)
	<u>(145)</u>	<u>(67)</u>

	2006 £000	2005 £000
Reconciliation of current taxation charge		
Profit on ordinary activities at the UK statutory rate 30%	(146)	(40)
Prior year adjustments to current tax	4	(22)
Capital allowances in excess of depreciation	(1)	10
Other timing differences	(2)	-
Current tax charge for the period	<u>(145)</u>	<u>(52)</u>

The prior period's tax (charges) / credits were based on management's best estimates that were revised during the year following submission of the tax returns or agreement with the tax authorities

5 Tangible fixed assets

	Plant equipment and vehicles £000	Total £000
Cost at 1st January 2006	711	711
Additions	37	37
Disposals	(493)	(493)
Cost at 31st December 2006	255	255
Depreciation at 1st January 2006	(634)	(634)
Provision for the year	(31)	(31)
Disposals	466	466
Depreciation at 31st December 2006	(199)	(199)
Net book value at 1st January 2006	77	77
Net book value at 31st December 2006	<u>56</u>	<u>56</u>

6 Debtors

	2006 £000	2005 £000
Amounts due within one year		
Amounts owed by group undertakings	23,957	20,521
Prepayments and accrued income	670	248
Corporation tax	40	158
	<u>24,667</u>	<u>20,927</u>
Amount due after one year		
Deferred taxation	24	25
	<u>24,691</u>	<u>20,952</u>

7 Creditors

	2006 £000	2005 £000
Amounts due within one year		
Amounts owed to group undertakings	22,025	18,680
	<u>22,025</u>	<u>18,680</u>

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31st December 2006

8	Deferred taxation asset			2006	2005
				£000	£000
	Accelerated capital allowances			24	25
	Deferred tax asset				Total
					£000
	At 1st January 2006				25
	Charge for the year				(1)
	At 31st December 2006				24
9	Called up share capital - equity interests			2006	2005
		Number of	Number of	£000	£000
		shares	shares		
	Authorised				
	Ordinary Shares of £1 each	2,010,000	2 010 000	2,010	2 010
	Issued and fully paid				
	Ordinary Shares of £1 each	2,010,000	2 010,000	2,010	2 010
10	Reserves - equity interests			Profit & Loss	Total
				account	Reserves
				£000	£000
	At 1st January 2006			408	408
	Profit for the financial year			341	341
	At 31st December 2006			749	749
11	Reconciliation of movements in shareholders' funds			2006	2005
				£000	£000
	Profit for the financial year			341	65
	Net addition to shareholders' funds			341	65
	Opening shareholders' funds			2,418	2 353
	Closing shareholders' funds - equity interests			2,759	2 418
12	Employees			2006	2005
				£000	£000
	Employee costs				
	Wages and salaries			101	86
	The average number of persons employed by the Company (including Directors) during the year			2006	2005
	Selling, general and administration			4	4

Prior year employee costs have been restated by £76 000 which was omitted in error in the prior year

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31st December 2006

13 Directors' remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2005 - £nil)

14 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 FRS 1 'Cash Flow Statements' (Revised 1996) not to prepare a cash flow statement.

15 Ultimate parent undertaking

GlaxoSmithKline plc, a company 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 financial statements can be obtained from The Company 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 FRS 8 'Related Party Disclosures' not to disclose any related party transactions within the Group. There are no other related party transactions.