

SmithKline Beecham Marketing and Technical Services Limited
(Registered number. 494385)

Directors' report and financial statements

for the year ended 31st December 2011

Registered office address
980 Great West Road
Brentford
Middlesex
TW8 9GS
England



SmithKline Beecham Marketing and Technical Services Limited

Directors' report and financial statements

for the year ended 31st December 2011

Contents

	Pages
Directors' report	1-2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7-11

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

Directors' report for the year ended 31st December 2011

The Directors submit their report and the audited financial statements for the year ended 31st December 2011

Principal activities

The principal activity of SmithKline Beecham Marketing and Technical Services Limited ("the Company") is marketing of consumer healthcare products through representative offices in Croatia, Kazakhstan, Slovenia and the Adriatic region. The Company did not undertake any activity in the UK during the year ended 31st December 2011.

Review of business

The Company made a loss for the financial year of £393,000 (2010 profit of £144,000). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable and the company remains a going concern.

The loss for the financial year of £393,000 will be transferred from reserves (2010 profit for the financial year of £144,000 transferred to reserves).

The Company is planning to close the representative offices in Croatia and Kazakhstan in the current year.

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks of the GlaxoSmithKline Group ("the Group") at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that a discussion of the Group risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2011 Annual Report ("Corporate Governance" section) which does not form part of this report.

Key performance indicators (KPIs)

The Directors of GlaxoSmithKline plc manage the Group's operations on a business sector basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2011 Annual Report ("Corporate Governance" section) which does not form part of this report.

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 2011 (2010: £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited
P Blackburn

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 their duties.

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

Directors' report for the year ended 31st December 2011 (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of information to auditors

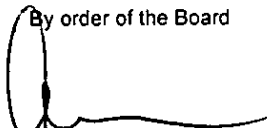
As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors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

Independent auditors

PricewaterhouseCoopers LLP are willing to continue in office as auditors and resolutions dealing with their reappointment and remuneration will be proposed at a General Meeting of the Company.

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

By order of the Board



P. Williamson
For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary
30th May 2012

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 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

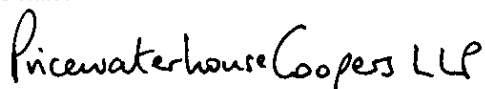
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.

The Company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 May 2012

SmithKline Beecham Marketing and Technical Services Limited

**Profit and loss account
for the year ended 31st December 2011**

	Notes	2011 £'000	2010 £'000
Turnover		2,226	4,130
Cost of sales		(1,825)	(3,402)
Gross profit		401	728
Selling and distribution costs		(26)	(64)
Administrative expenses		(426)	(536)
Other operating income	3	6	55
Operating (loss)/profit	4	(45)	183
Interest receivable and similar income	5	127	117
Interest payable and similar charges	6	(113)	(104)
(Loss)/profit on ordinary activities before taxation		(31)	196
Tax on (loss)/profit on ordinary activities	7	(362)	(52)
(Loss)/profit for the financial year	13	(393)	144

The results disclosed above relate entirely to continuing operations

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents

SmithKline Beecham Marketing and Technical Services Limited

**Statement of total recognised gains and losses
for the year ended 31st December 2011**

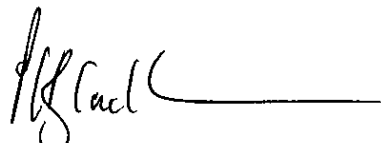
	2011 £'000	2010 £'000
(Loss)/profit for the financial year	(393)	144
Exchange movement on overseas net assets	8	(9)
Total recognised (losses) and gains relating to the year	(385)	135

SmithKline Beecham Marketing and Technical Services Limited

**Balance sheet
as at 31st December 2011**

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	54	224
Current assets			
Debtors	9	16,471	16,089
Cash at bank and in hand		340	505
		16,811	16,594
Creditors amounts falling due within one year	10	(13,938)	(13,506)
Net current assets		2,873	3,088
Total assets less current liabilities		2,927	3,312
Net assets		2,927	3,312
Capital and reserves			
Called up share capital	12	2,010	2,010
Profit and loss account	13	917	1,302
Total shareholders' funds	14	2,927	3,312

The financial statements on pages 4 to 11 were approved by the Board of Directors on 30th May 2012 and were signed on its behalf by



P Blackburn
Director

SmithKline Beecham Marketing and Technical Services Limited

Notes to the financial statements for the year ended 31st December 2011

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 on the going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards

(b) Foreign currency transactions

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in operating profit.

On consolidation, assets and liabilities of the overseas branch are translated into Sterling at rates of exchange ruling at the balance sheet date. Exchange adjustments arising when the opening net assets and profits for the year retained by the branch are translated into Sterling are recorded in reserves.

(c) Turnover

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) Other operating income

Royalty income is recognised in other operating income on an accruals basis in accordance with the economic substance of the agreement. Other revenues are recorded as earned (or as the services are performed).

(e) 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. Advertising expenditure is charged to the profit and loss account as incurred. Shipment costs on inter-company transfers are charged to cost of sales. Restructuring costs are recognised in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

(f) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less provisions for depreciation or impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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
Plant and equipment	3 to 10 years

Depreciation on assets in construction does not commence until the asset has been completed and is available for use.

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.

(g) 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. Any provision for impairment is charged to the profit and loss account.

(h) Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted at the balance sheet date.

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 recognised as recoverable and therefore only recognised when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. 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.

SmithKline Beecham Marketing and Technical Services Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

2 Segmental information

All revenue is derived from inter-company service fees in Europe

3 Other operating income

	2011 £'000	2010 £'000
Other income	6	55

4 Operating (loss)/profit

	2011 £'000	2010 £'000
The following items have been charged in operating (loss)/profit		
Depreciation of tangible fixed assets		
Owned assets	146	190
(Profit)/loss on disposal of fixed assets	(9)	4
Exchange losses on foreign currency transactions	4	91
Management fee	1	1

Auditors' remuneration of £5,131 (2010 £4,981) has been borne by other Group companies and is not recharged

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

5 Interest receivable and similar income

	2011 £'000	2010 £'000
On loans with Group undertakings	127	117

6 Interest payable and similar charges

	2011 £'000	2010 £'000
On loans with Group undertakings	(113)	(104)

7 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Tax charge based on profits for the financial year		
Current tax		
UK corporation tax at 26.5% (2010 28%)	3	87
Overseas tax	371	-
Over provision in previous years	(7)	(9)
Total current tax	367	78
Deferred tax		
Origination and reversal of timing differences	(10)	(21)
Adjustments in respect of previous years	-	(7)
Change in tax rate-impact on deferred tax	5	2
Total deferred tax	(5)	(26)
Tax on profit on ordinary activities	362	52

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010 28%). The differences are explained below

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

	2011 £'000	2010 £'000
Reconciliation of current tax charge		
Profit on ordinary activities at the UK statutory rate 26.5% (2010: 28%)	(8)	55
Effects of		
Overseas tax	371	-
Expenses not deductible for tax purposes	2	10
Adjustments to tax charge in respect of previous years	(7)	(9)
Capital allowances in excess of depreciation	9	22
Current tax (credit)/ charge for the year	367	56

The main rate of UK corporation tax reduced from 28% to 26% with effect from 1 April 2011. Legislation to further reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011. These tax changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively, and hence the effect of the changes on the deferred tax balances has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and the effect of the change would create an additional reduction in the deferred tax asset at 31 December 2011 of approximately £3k. This has not been reflected in the figures above as the rate change was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014. These changes have not yet been substantively enacted and are not reflected in the figures above. The effect of the further reductions from 24 per cent to 22 per cent, if these applied to the deferred tax balance at 31 December 2011, would be to further reduce the deferred tax asset by approximately £5k.

8 Tangible assets

	Plant, equipment and vehicles £'000
Cost	
At 1st January 2011	713
Exchange Adjustments	(23)
Disposals	(85)
At 31st December 2011	605
Accumulated depreciation	
At 1st January 2011	(489)
Exchange Adjustments	23
Provision for the year	(146)
Disposals	61
At 31st December 2011	(551)
Net book value at 1st January 2011	224
Net book value at 31st December 2011	54

9 Debtors

	2011 £'000	2010 £'000
Amounts due within one year		
Amounts owed by Group undertakings	16,398	15,996
Other debtors	5	30
	16,403	16,026
Amounts due after more than one year		
Deferred tax (Note 11)	68	63
	16,471	16,089

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

10 Creditors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	13,686	12,904
Tax	3	87
Accruals and deferred income	249	515
	13,938	13,506

The tax creditor contains amounts which will be paid to fellow Group companies. The Company has not provided any security in respect of amounts outstanding to creditors.

11 Deferred tax asset

	2011 £'000	2010 £'000
Accelerated capital allowances	68	63
Reconciliation of deferred tax asset		
	2011 £'000	2010 £'000
At 1st January 2011	63	35
Credit for the year	10	27
Forex effect on deferred tax	-	3
Change of Rate on Deferred Tax	(5)	(2)
At 31st December 2011	68	63

12 Called up share capital

	2011 Number of shares	2010 Number of shares	2011 £'000	2010 £'000
Authorised				
Ordinary Shares of £1 each (2010 £1 each)	2,010,000	2,010,000	2,010	2,010
Issued and fully paid				
Ordinary Shares of £1 each (2010 £1 each)	2,010,000	2,010,000	2,010	2,010

13 Reserves

	Profit and loss account £'000
At 1st January 2011	1,302
Exchange movements	8
Loss for the financial year	(393)
At 31st December 2011	917

14 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss)/profit for the financial year	(393)	144
Exchange movements gain/(loss) on overseas net assets	8	(9)
Net (reduction)/ addition to shareholders' funds	(385)	135
Opening shareholders' funds	3,312	3,177
Closing shareholders' funds	2,927	3,312

SmithKline Beecham Marketing and Technical Services Limited

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

15 Employees

	2011	2010
Employee costs	£'000	£'000
Wages and salaries	581	1 298
The average number of persons employed by the Company (including Directors) during the year	2011	2010
Selling, general and administration	11	26

16 Directors' remuneration

During the year the Directors of the Company, with the exception of the Corporate Directors, were remunerated as executives of the Group and received no remuneration in respect of their services to the Company (2010 - £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2010 - £nil).

17 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking, which are publicly available. 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.

18 Ultimate parent undertaking

GlaxoSmithKline plc, a company registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. 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 Limited.

19 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.