

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

Directors' Report and Financial Statements

For the Year Ended 31 December 2001

Registered office address
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Brentford
Middlesex
TW8 9GS



SmithKline Beecham Marketing and Technical Services Limited

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SmithKline Beecham Marketing and Technical Services Limited

Directors' Report for the Year Ended 31 December 2001

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

Principal Activities

The principal activity of the Company is the marketing of pharmaceutical and consumer healthcare products through branches in West Africa, the Middle East, Croatia, Slovenia, the Ukraine and the Baltic States. The Company did not undertake any activity in the UK during the year ended 31 December 2001.

Review of the Business and Future Developments

The Directors consider the state of affairs to be satisfactory and believe that the Company will continue to perform satisfactorily for the foreseeable future.

Results and Dividends

The Company's results for the financial year are shown in the profit and loss account on page 4.

The Directors do not recommend the payment of a dividend (2000: £ Nil) and accordingly the profit for the year after tax of £338,000 (2000 loss: £464,000) has been transferred to reserves.

Fixed Assets

Movements in tangible fixed assets are detailed in note 7.

Directors' and their interests

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

C J Andrews	
R M Bondy	(resigned 23 July 2001)
A R Curl	(resigned 13 May 2001)
C A McClintock	(resigned 22 February 2001)
S L Roberts	(resigned 1 October 2001)
Edinburgh Pharmaceutical Industries Limited	(appointed 13 May 2001)
Glaxo Group Limited	(appointed 13 May 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 with the exception of Corporate Directors 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 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.

The following interests of the Directors in the shares of the ultimate parent undertaking, GlaxoSmithKline plc have been notified to the Company

	Ordinary Shares of 25 pence each			
	As at 1 Jan 2001	Granted	Exercised	As at 31 Dec 2001
C J Andrews	859			2,762

	Options over Ordinary Shares			
	As at 1 Jan 2001	Granted	Exercised	As at 31 Dec 2001
C J Andrews	9,012	16,272	-	25,284

SmithKline Beecham Marketing and Technical Services Limited

Directors' Report for the Year Ended 31 December 2001

Details of option prices and market prices of shares during the year, together with full details of the SmithKline Beecham Senior Executive Share Option Plans are disclosed in the accounts of GlaxoSmithKline plc.

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 which 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 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 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.

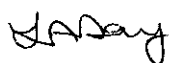
Change in Company Secretary

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

Auditors

The Company has adopted the elective regime permitting it to dispense with the requirement to re-appoint auditors annually. Accordingly, PricewaterhouseCoopers, 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



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Secretary
21 October 2002

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

We have audited the financial statements which comprise primary financial statements such as the profit and loss account, the balance sheet, and 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.

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

21 October 2002

SmithKline Beecham Marketing and Technical Services Limited

Profit and Loss Account

For the Year Ended 31 December 2001

	Note	2001 Total £'000	2000 Total £'000
Turnover	1	3,928	5,400
Administrative expenses		(3,742)	(5,131)
Operating Profit	2	186	269
Interest receivable	5	-	18
Profit on ordinary activities before taxation		186	287
Tax on profit on ordinary activities	6	152	(751)
Profit/(Loss) for the financial year		338	(464)

Statement of Total Recognised Gains and Losses

For the Year Ended 31 December 2001

	2001 £'000	2000 £'000
Profit/(Loss) for the financial year	338	(464)
Exchange movements	(3)	(1)
Total recognised gains and losses relating to the year	335	(465)

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.

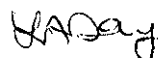
The accounting policies on page 6 and the notes on pages 7 to 11 form part of these financial statements.

SmithKline Beecham Marketing and Technical Services Limited

Balance Sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed Assets			
Tangible assets	7	413	779
Current Assets			
Debtors	8	14,978	11,830
Cash at bank and in hand		1,685	1,448
		16,663	13,278
Creditors: amounts falling due within one year	9	(15,783)	(13,099)
Net current assets		880	179
Net Assets		1,293	958
Capital and Reserves			
Called up share capital	10	2,010	2,010
Profit and loss account	11	(717)	(1,052)
Total shareholders' funds - equity interests	12	1,293	958

The accounts on pages 4 to 11 were approved by the Board on 21 October 2002 and signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Director

The accounting policies on page 6 and the notes on pages 7 to 11 form part of these financial statements.

SmithKline Beecham Marketing and Technical Services Limited

Accounting Policies

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

Basis of preparation

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

Turnover

Turnover represents service fee income from Group companies for marketing support.

Foreign currencies

Profits and losses arising outside the UK are translated to sterling using average rates of exchange for the period. Net assets denominated in foreign currencies are translated to sterling at rates of exchange ruling at the balance sheet date.

Movements arising from changes in exchange rates during the year are taken directly to reserves in so far as they relate to the net assets of the overseas branches. Other movements are taken to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged on the cost of tangible fixed assets at rates estimated to write off their carrying values over their expected useful lives as follows:

Motor Vehicles	5 years
Equipment & Fixtures	4 to 10 years

New accounting policies and requirements

The Company has implemented Financial Reporting Standard 18: 'Accounting policies'. FRS 18 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.

SmithKline Beecham Marketing and Technical Services Limited

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

1 Turnover

Turnover and profit after taxation are derived from one class of business which is the provision of marketing services to group undertakings.

Turnover analysis by location of the Company's activities:

	2001 £'000	2000 £'000
Eastern Europe	2,167	3,349
Africa	631	1,222
Middle East	1,130	829
	3,928	5,400

2 Operating Profit

Operating profit is stated after charging/(crediting):

	2001 £'000	2000 £'000
Depreciation	199	305
Loss on disposal of fixed assets	5	21
Loss on exchange	45	27
Tax penalties	1	-

The auditors remuneration incurred in the UK has been borne by the ultimate parent undertaking, GlaxoSmithKline plc.

3 Employees

The aggregate payroll costs were:

	2001 £'000	2000 £'000
Salaries and wages	1,501	1,734
Social security	241	275
Total employee costs	1,742	2,009

The average number of employees, all of whom work overseas, employed by the Company during the year was 101 (2000: 95).

SmithKline Beecham Marketing and Technical Services Limited

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

4 Directors' Emoluments

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, either as executives of the GlaxoSmithKline group or in respect of their services to the Company.

5 Interest

	2001 £'000	2000 £'000
Interest receivable on bank deposits	-	15

6 Taxation

	2001 £'000	2000 £'000
UK corporation tax at 30% (2000: 30%)	(35)	(277)
Adjustment to prior years	187	(144)
Overseas taxation	-	(330)
	152	(751)

The prior year tax charge was based on managements' best estimate that was revised during the year following submission of the tax returns or agreement with the taxation authorities.

SmithKline Beecham Marketing and Technical Services Limited

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

7 Tangible Fixed Assets

	Motor Vehicles £'000	Equipment & Fixtures £'000	Total £'000
Cost			
At 1 January 2001	996	1,085	2,081
Additions	21	72	93
Transfers from other group undertakings	340	267	607
Transfers to other group undertakings	(302)	(667)	(969)
Disposals	(64)	(40)	(104)
Exchange movements	(13)	(11)	(24)
At 31 December 2001	978	706	1,684
Accumulated depreciation			
At 1 January 2001	628	674	1,302
Charge for year	108	91	199
Transfers from other group undertakings	240	166	406
Transfers to other group undertakings	(215)	(364)	(579)
Disposals	(25)	(10)	(35)
Exchange movements	(12)	(10)	(22)
At 31 December 2001	724	547	1,271
Net book amounts			
At 31 December 2001	254	159	413
At 31 December 2000	368	411	779

8 Debtors

	2001 £'000	2000 £'000
Falling due within one year:		
Amounts owed by group undertakings	14,656	11,681
Other debtors	226	117
Prepayments	96	32
	14,978	11,830

SmithKline Beecham Marketing and Technical Services Limited

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

9 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	13,351	11,444
Other creditors and accruals	1,809	790
Taxation	623	865
	15,783	13,099

10 Called Up Share Capital

	2001 £	2000 £
Authorised: 2,010,000 ordinary shares of £1 each	2,010,000	2,010,000
Issued, allotted and fully paid: 2,010,000 ordinary shares of £1 each	2,010,000	2,010,000

11 Reserves

	Profit & loss account £'000
At 1 January 2001	(1,052)
Profit for year	338
Unrealised exchange movement	(3)
At 31 December 2001	(717)

SmithKline Beecham Marketing and Technical Services Limited

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

12 Reconciliation of Movements in Shareholders' Funds

	2001 £'000	2000 £'000
Profit/(loss) for the year	338	(464)
Exchange movements	(3)	(1)
Net movement in shareholders' funds	335	(465)
Opening shareholders' funds	958	1,423
Closing shareholders' funds	1,293	958

13 Contingent liabilities

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.

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 plc, a public limited company registered in England and Wales, is the Company's ultimate parent undertaking. The immediate parent undertaking is SmithKline Beecham plc.

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.

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.