

SmithKline Beecham Holdings (UK) Limited
(Registered Number 3890815)

Annual Report and Financial Statements

For the Year Ended 31st December 2003

Registered office address:

980 Great West Road
Brentford
Middlesex
TW8 9GS



A41
COMPANIES HOUSE

ARG11TJU

0730
19/03/04

SmithKline Beecham Holdings (UK) Limited

Annual Report and Financial Statements

For the Year Ended 31st December 2003

	Pages
Report of the Directors	1-2
Independent Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6-9

SmithKline Beecham Holdings (UK) Limited

Directors' Report for the Year Ended 31st December 2003

The Directors submit their report and the audited financial statements for the year ended 31st December 2003.

Principal activities

The Company's principal activity is that of an investment holding company. The Directors do not envisage any changes to the nature of the business in the foreseeable future.

Review of business

The Company made a loss on ordinary activities after taxation of £180,157,000 (2002 - £151,324,000). 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 loss for the year of £180,157,000 will be transferred from reserves (2002 - loss for the year of £151,324,000 transferred from reserves).

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 2003 (2002 - £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 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 Group.

At 31st December 2003 none of the Directors have beneficial interests in the shares of any Group company, except where such a beneficial interest may arise in the ordinary course of business.

SmithKline Beecham Holdings (UK) Limited

Directors' Report for the Year Ended 31st December 2003

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.

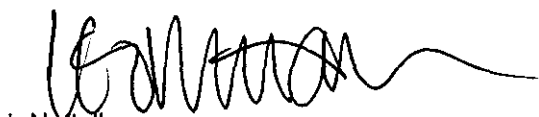
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Pricewaterhouse Coopers LLP are willing to continue in office as auditors and resolutions dealing with their re-appointment and remuneration will be proposed at the Company's Annual General Meeting.

By order of the Board



L Nuttall

For and on behalf of Edinburgh Pharmaceutical Industries Limited
Secretary

5th March 2004

SmithKline Beecham Holdings (UK) Limited

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

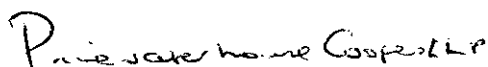
Basis of audit opinion

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

5 March 2004

SmithKline Beecham Holdings (UK) Limited

Profit and Loss Account

For the Year Ended 31st December 2003

	Notes	2003 £'000	2002 £'000
Net interest payable	2	(257,367)	(216,177)
Loss on ordinary activities before taxation		(257,367)	(216,177)
Taxation	3	77,210	64,853
Loss	8	(180,157)	(151,324)

The results disclosed above relate entirely to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss 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.

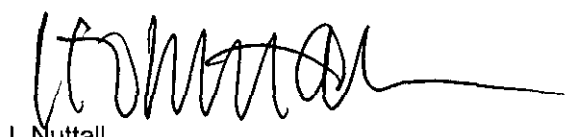
SmithKline Beecham Holdings (UK) Limited

Balance Sheet

As at 31st December 2003

	Notes	2003 £'000	2002 £'000
Investments	4	7,967,501	7,967,501
Fixed Assets		7,967,501	7,967,501
Debtors	5	147,541	86,792
Cash at bank		189	-
Current assets		147,730	86,792
Creditors: amounts due within one year	6	(6,730,404)	(6,489,309)
Net current assets		(6,582,674)	(6,402,517)
Total assets less current liabilities		1,384,827	1,564,984
Capital and reserves			
Called up share capital	7	11,912	11,912
Share premium account	8	483,702	483,702
Profit and loss account	8	(382,674)	(202,517)
Other reserves	8	1,271,887	1,271,887
Equity shareholders' funds	9	1,384,827	1,564,984

The accounts on pages 4 to 9 were approved by the Board of Directors on 5th March 2004 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 Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

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) Fixed asset investments

Fixed asset investments are stated in the balance sheet at cost less any provision made for impairment in value. Such investments are classified as current assets when regarded as available for sale.

2 Net interest payable

	2003 £'000	2002 £'000
Interest payable		
On loans with group undertakings	(257,680)	(216,177)
	(257,680)	(216,177)
Investment income		
Interest income on bank deposits	313	0
	313	0
	(257,367)	(216,177)

3 Taxation

	2003 £'000	2002 £'000
Taxation credit based on loss for the period		
UK corporation tax at 30% (2002: 30%)	(77,210)	(64,853)
	(77,210)	(64,853)

There are no items required to reconcile the loss before taxation at the statutory rate of 30% to the current taxation credit. No provision is required for deferred taxation.

4 Fixed asset investments

	Subsidiary undertakings	
	Shares at cost	Total
	£'000	£'000
As at 1st January and at 31st December 2003	7,967,501	7,967,501

Details of the principal subsidiary undertakings of the Company as at 31st December 2003 are given in Note 18.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

5 Debtors

	2003 £'000	2002 £'000
Amounts due within one year		
Amounts owed by group undertakings	70,299	21,939
Other debtors	32	0
Corporation Tax	77,210	64,853
	147,541	86,792

6 Creditors

	2003 £'000	2002 £'000
Amounts due within one year		
Amounts owed to group undertakings	6,730,404	6,489,309
	6,730,404	6,489,309

7 Called up share capital - equity interests

	2003 Number of shares	2002 Number of shares	2003 £'000	2002 £'000
Authorised				
Ordinary Shares of £1 each	2,000,000,000	2,000,000,000	2,000,000	2,000,000
Issued and fully paid				
Ordinary Shares of £1 each	11,911,900	11,911,900	11,912	11,912

8 Reserves - equity interests

	Profit & Loss account £'000	Share Premium £'000	Other reserves £'000	Total Reserves £'000
At 1st January 2003	(202,517)	483,702	1,271,887	1,553,072
Retained loss for the financial year	(180,157)	-	-	(180,157)
At 31st December 2003	(382,674)	483,702	1,271,887	1,372,915

The share premium and other reserves are undistributable reserves. Other reserves comprise of £1,721,887,395 of shares cancelled in Smith Kline & French Laboratories Limited and an impairment loss of £450,000,000 against the carrying value of investments.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

9 Reconciliation of movement in shareholders' funds

	2003 £'000	2002 £'000
Loss for the financial year	(180,157)	(151,324)
Net reduction to shareholders' funds	(180,157)	(151,324)
Opening shareholders' funds	1,564,984	1,716,308
Closing shareholders' funds – equity interests	1,384,827	1,564,984

10 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. 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.

11 Employees

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

12 Directors' Remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2002 - £nil).

13 Auditors' Remuneration

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

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 Financial Reporting Standard 1 (Revised 1996) not to prepare a cash flow statement.

15 Group financial statements

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under s.228 of the Companies Act 1985.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the Year Ended 31st December 2003

16 Ultimate parent undertaking

GlaxoSmithKline plc, 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 Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Overseas Limited.

17 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.

18 Principal Subsidiaries

The principal subsidiaries of the Company as at 31st December 2003 are as follows:

Company	Percentage shares held	Class of shares held	Country of Incorporation
Setfirst Limited	50%	Ordinary	England & Wales
SmithKline & French Laboratories Limited	100%	Ordinary	England & Wales

Both of the above companies are primarily investment holding companies.