

**Eskaylab Limited**  
**(Registered Number 99025)**

**Annual Report and Financial Statements**

**For the year ended 31st December 2005**

**Registered office address:**

980 Great West Road  
Brentford  
Middlesex  
TW8 9GS



**Eskaylab Limited**

**Annual Report and Financial Statements**

**For the year ended 31st December 2005**

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## **Eskaylab Limited**

### **Directors' Report for the year ended 31st December 2005**

The Directors submit their report and the audited financial statements for the year ended 31st December 2005.

#### **Principal activities**

The Company is an investment holding company. 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 £1,819,000 (2004 - £1,002,000). 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 retained profit for the year of £1,719,000 will be transferred to reserves (2004 - retained loss for the year of £6,348,000 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.

An interim dividend of £100,000 was paid on 23rd August 2005 to the holders of Ordinary Shares in respect of the year ended 31st December 2005 (2004 - £7,350,000). The Directors propose that no final dividend be paid to the holders of Ordinary Shares during the year (2004 - £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 2005 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.

## **Eskaylab Limited**

### **Directors' Report for the year ended 31st December 2005**

#### **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. A change in accounting policy has arisen on the adoption of a new accounting pronouncement as explained on page 6 under Note 1 'Accounting policies'.

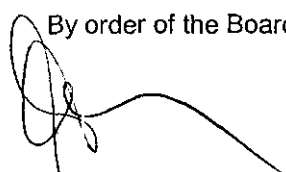
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

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**

23rd February 2006

## **Eskaylab Limited**

### **Independent auditors' report to the shareholders of Eskaylab Limited**

We have audited the financial statements of Eskaylab Limited for the year ended 31st December 2005 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**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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**

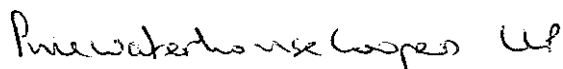
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 as at 31st December 2005 and of its profit 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  
23rd February 2006

# **Eskaylab Limited**

## **Profit and Loss Account**

**For the year ended 31st December 2005**

	<b>Notes</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Operating expense		(6)	(4)
<b>Operating loss</b>	<b>2</b>	<b>(6)</b>	<b>(4)</b>
Income from shares in group undertakings	<b>3</b>	<b>1,713</b>	<b>714</b>
<b>Profit before interest</b>		<b>1,707</b>	<b>710</b>
Net interest receivable	<b>4</b>	<b>158</b>	<b>416</b>
<b>Profit on ordinary activities before taxation</b>		<b>1,865</b>	<b>1,126</b>
Taxation	<b>5</b>	<b>(46)</b>	<b>(124)</b>
<b>Profit on ordinary activities after taxation</b>		<b>1,819</b>	<b>1,002</b>
Dividends	<b>6</b>	<b>(100)</b>	<b>(7,350)</b>
<b>Retained profit/(loss)</b>	<b>11</b>	<b>1,719</b>	<b>(6,348)</b>

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/(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

# Eskaylab Limited

## Balance Sheet

As at 31st December 2005

	Notes	2005 £'000	2004 £'000
Investments	7	726	726
<b>Fixed assets</b>		<b>726</b>	<b>726</b>
Debtors	8	3,456	77
Cash at bank		-	1,720
<b>Current assets</b>		<b>3,456</b>	<b>1,797</b>
<b>Creditors: amounts due within one year</b>	9	<b>(171)</b>	<b>(231)</b>
<b>Net current assets</b>		<b>3,285</b>	<b>1,566</b>
<b>Total assets less current liabilities</b>		<b>4,011</b>	<b>2,292</b>
<b>Capital and reserves</b>			
Called up share capital	10	2,192	2,192
Profit and loss account	11	1,819	100
<b>Equity shareholders' funds</b>	12	<b>4,011</b>	<b>2,292</b>

The accounts on pages 4 to 9 were approved by the Board of Directors on 23rd February 2006 and were signed on its behalf by:



P Ansell

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

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

**Notes to the Financial Statements for the year ended 31st December 2005**

**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 expense.

**(c) Dividends paid and received**

Dividends paid and received are included in the profit and loss account in the period in which the related dividend is actually paid or received.

**(d) 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.

**(e) 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. First year impairment reviews are conducted for acquired goodwill and intangible assets. Certain intangibles are considered to have an indefinite life and are therefore not amortised. Such intangibles are subject to annual impairment tests. 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.

**(f) Taxation**

Deferred taxation is accounted for by the Company for taxation deferred or accelerated by reasons of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. 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.

**(g) Change in accounting policy**

The Accounting Standards Board issued Financial Reporting Standard (FRS) 21 'Events after the balance sheet date' in May 2004. This standard replaces Statement of Standard Accounting Practice 17 'Accounting for post balance sheet events' and the main change is to prohibit the recording of a provision for a proposed dividend where the dividend is declared after the balance sheet date. FRS 21 is applicable for accounting periods beginning on or after 1st January 2005. Therefore final dividends are now only recognised in the profit and loss account when shareholders have approved such amount and the interim dividends are only recognised when paid. The adoption of FRS 21 has had no impact on the previously issued financial statements of the Company.



# **Eskaylab Limited**

## **Notes to the Financial Statements for the year ended 31st December 2005**

### **2 Operating loss**

	2005 £'000	2004 £'000
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The following items have been charged in operating loss

Management charge	6	4
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The auditors' remuneration has been borne by the Group.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administration services for which a management fee is charged. That portion of the management fee relating to staff costs can not be separately ascertained.

### **3 Income from shares in group undertakings**

	2005 £'000	2004 £'000
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Dividends	1,713	714
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### **4 Net interest receivable**

	2005 £'000	2004 £'000
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#### **Investment income**

Interest income on bank deposits	120	0
On loans with group undertakings	38	416
	<b>158</b>	<b>416</b>

### **5 Taxation**

	2005 £'000	2004 £'000
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#### **Taxation charge based on profits for the period**

UK corporation tax at 30% (2004 - 30%)	847	458
Double Taxation Relief	(801)	(334)
	<b>46</b>	<b>124</b>

	2005 £'000	2004 £'000
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#### **Reconciliation of current taxation charge**

Profit on ordinary activities at the UK statutory rate 30%	560	338
Double Tax Relief	(801)	(334)
Underlying Tax on overseas dividends	287	120
Current tax charge for the period	<b>46</b>	<b>124</b>

No provision is required for deferred tax.

### **6 Dividends paid**

	pence per share	£'000
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#### **Dividends paid in 2005**

Interim dividend paid on 23rd August 2005	0.5	100.0
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#### **Dividends paid in 2004**

Interim dividend paid on 15th November 2004	33.5	7,350.0
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# **Eskaylab Limited**

## **Notes to the Financial Statements for the year ended 31st December 2005**

### **7 Fixed asset investment**

	Associated undertakings	
	Shares at cost £'000	Total £'000
At 1st January and 31st December 2005	726	726

The Company's investment consists entirely of a 6.91% holding of the ordinary share capital of GlaxoSmithKline Pharmaceuticals Limited, a company incorporated in India, whose main activities are marketing and production.

### **8 Debtors**

	2005 £'000	2004 £'000
<b>Amounts due within one year</b>		
Amounts owed by group undertakings	3,456	-
Other debtors	-	77
	<b>3,456</b>	<b>77</b>

### **9 Creditors**

	2005 £'000	2004 £'000
<b>Amounts due within one year</b>		
Amounts owed to group undertakings	131	112
Taxation	40	119
	<b>171</b>	<b>231</b>

### **10 Called up share capital - equity interests**

	2005 Number of shares	2004 Number of shares	2005 £'000	2004 £'000
<b>Authorised</b>				
Ordinary Shares of 10p each	40,000,000	40,000,000	4,000	4,000
<b>Issued and fully paid</b>				
Ordinary Shares of 10p each	21,920,000	21,920,000	2,192	2,192

### **11 Reserves - equity interests**

	Profit & Loss account £'000
At 1st January 2005	100
Retained profit for the financial year	1,719
At 31st December 2005	<b>1,819</b>

## **Eskaylab Limited**

### **Notes to the Financial Statements for the year ended 31st December 2005**

#### **12 Reconciliation of movement in shareholders' funds**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>1,819</b>	<b>1,002</b>
Dividends	<b>(100)</b>	<b>(7,350)</b>
Net addition/(reduction) in shareholders' funds	<b>1,719</b>	<b>(6,348)</b>
Opening shareholders' funds	<b>2,292</b>	<b>8,640</b>
Closing shareholders' funds – equity interests	<b>4,011</b>	<b>2,292</b>

#### **13 Contingent liabilities/assets**

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.

#### **14 Employees**

The Company has no employees as all personnel are employed by other Group companies.

#### **15 Directors' remuneration**

The Corporate Directors of the Company received no remuneration during the year in respect of their services to the Company (2004 - £nil).

#### **16 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.

#### **17 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.

#### **18 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.