

SAXET (UK) LIMITED

Registered Number: 1134318

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



SAXET (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors submit their report and financial statements for the year ended 31 December 1995.

OWNERSHIP

Prior to 31 October 1994 Saxet (UK) Limited was owned by Sterling Winthrop Inc. Sterling Winthrop Inc had been a wholly owned subsidiary of Eastman Kodak Company. On 31 October 1994 SmithKline Beecham plc purchased all of the shares of Sterling Winthrop Inc. from Eastman Kodak Company. Legal ownership of Saxet (UK) Limited, was transferred to SmithKline Beecham plc on 6 March 1995.

PRINCIPAL ACTIVITY

During the year the principal activity of the Company and its subsidiary undertakings was the supply of "over the counter" consumer healthcare products. The Company traded under the name of Sterling Products International until May 1995, trading as part of SmithKline Beecham International thereafter.

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 period. In preparing those 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;
- 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 proper accounting records which 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.

SAXET (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1995

REVIEW OF BUSINESS

The financial statements presented have taken a considerable amount of time to prepare. As was explained more fully in the financial statements for the years ended 31 December 1993 and 1994, the delay was caused by the significant deficiencies in the underlying accounting records discovered by the new Directors appointed after the change in ownership on 31 October, 1994. As explained in Note 1 to these financial statements, the new Directors deployed significant resources in terms of senior management time and costs to correct such deficiencies.

The current Directors are pleased to be able to report that significant improvements have been made to the underlying accounting records for 1995.

Because of the uncertainty over the financial statements for the year ended 31 December 1994, the Directors are unable to give an opinion whether the opening balances for the year ended 31 December 1995 are fairly stated. Any adjustments to these opening balances might have a consequential effect on the profit for the year ended 31 December 1995. However the Directors are of the opinion that the balance sheet as at 31 December 1995 is fairly stated.

RESULTS AND DIVIDENDS

The Directors do not recommend the payment of a dividend (1994 - £Nil) and accordingly the loss for the year after tax of £15,000 (1994 loss - £6,743,000) has been deducted from reserves.

FIXED ASSETS

Movements in tangible fixed assets are detailed in Note 11.

SUBSEQUENT EVENT

On 11th September 1996 the Company invested £5 million in return for shares in its subsidiary SmithKline Beecham Caribbean Limited.

DIRECTORS AND THEIR INTERESTS

The Directors holding office during the year were:

J C Stansfield	(resigned 20 March 1995)
A M Horler	(resigned 30 August 1995)
C A McClintock	(resigned 30 August 1995)
J B Saunders	(resigned 30 November 1995)
D J Stevens	(resigned 10 March 1995)
M M Walsh	(resigned 30 June 1995)
A A Luckham	(appointed 30 August 1995, resigned 19 September 1996)
R M Bondy	(appointed 30 November 1995)

The following Directors have been appointed subsequent to the year end:

D C Osborn	(appointed 19 September 1996)
J P G Grumitt	(appointed 19 September 1996)

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SAXET (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1995

DIRECTORS AND THEIR INTERESTS (Continued)

The interests of the Directors holding office during the year, in the share capital of the ultimate parent undertaking, SmithKline Beecham plc, were as follows:

	"A" Shares	
	31 December <u>1995</u>	31 December <u>*1994</u>
A A Luckham	17,773	19,310
R M Bondy	-	-

* or at the date of appointment if later

	31 December <u>1995</u>	Options over "A" shares		31 December <u>*1994</u>
		<u>Exercised/ lapsed</u>	<u>Granted</u>	
A A Luckham	87,939	-	11,638	76,301
R M Bondy	12,432	-	-	12,432

* or at the date of appointment if later

The options for the purchase of shares are exercisable at a variety of prices. Details of options prices are disclosed in the group accounts. Market prices of shares during and at the end of the period are also disclosed in the group accounts.

AUDITORS

Price Waterhouse have offered themselves for re-election and a resolution for their re-appointment under the provisions of Section 385 of the Companies Act 1985 will be proposed at the Annual General Meeting

REGISTERED OFFICE

Four New Horizons Court
Harlequin Avenue
Brentford
Middlesex TW8 9EP

Secretary: Mrs V Banks

By Order of the Board

Rupert Bondy

Director

24/9

1997

AUDITORS' REPORT TO THE MEMBERS OF SAXET (UK) LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention, on the basis of preparation as set out on page 8, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of Directors and Auditors

As described on page 1, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because:

- (1) We issued a qualified opinion on the financial statements for the year ended 31 December 1994 owing to uncertainties and deficiencies of information in the underlying accounting records. Because of this limitation in evidence we are unable to form an opinion as to whether the opening balances of the financial statements for the year ended 31 December 1995 are fairly stated. We are therefore unable to form an opinion as to the profit for the year then ended as recorded in these financial statements.

AUDITORS' REPORT TO THE MEMBERS OF SAXET (UK) LIMITED (CONTINUED)

Basis of opinion (continued)

- (2) As explained in Note 10 to these financial statements, the taxation charge for prior years and the resultant liability at 31 December 1995 of £1,977,000 has been based on the results for such years as presented in the financial statements. The ultimate liability to taxation, if any, is uncertain and is contingent on the basis on which the Company and the Inland Revenue calculate and agree the tax liabilities of the Company.

In respect of paragraph (2) above there were no other satisfactory auditing procedures that we could adopt to confirm that these balances are fairly stated.

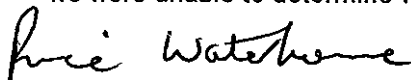
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the circumstances described in paragraphs (1) and (2) above, in our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1995, and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the matters set out in paragraphs (1) and (2) above:

- we have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- we were unable to determine whether proper accounting records had been maintained.



PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
32 Southwark Towers
London SE1 9SY

24/9/1997

SAXET (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	£'000	1995 £'000	£'000	1994 £'000
TURNOVER (Note 3)				
Continuing operations		41,851		29,751
Discontinued operations		-		11,412
		<hr/>		<hr/>
Cost of sales (Note 4)		41,851 (27,738)		41,163 (24,363)
		<hr/>		<hr/>
GROSS PROFIT		14,113		16,800
Net operating expenses (Note 4)		(13,568)		(25,660)
		<hr/>		<hr/>
OPERATING PROFIT/(LOSS)				
Continuing operations	545		(8,875)	
Discontinued operations	-		15	
	<hr/>	<hr/>	<hr/>	<hr/>
		545		(8,860)
Profit on disposal of business segment (Note 5)		-		4,683
Loss on acquisition of share of business (Note 6)		-		(1,295)
Income from shares in group undertakings		-		951
		<hr/>		<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		545		(4,521)
Interest receivable		309		94
Interest payable		(869)		(844)
		<hr/>		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 7)		(15)		(5,271)
Tax on loss on ordinary activities (Note 10)		-		(1,472)
		<hr/>		<hr/>
LOSS FOR THE FINANCIAL YEAR (Note 18)		(15)		(6,743)
		<hr/>		<hr/>

The Company has no recognised gains and losses apart from its loss for the year.

The notes on pages 8 to 17 form an integral part of these financial statements.

SAXET (UK) LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS		
Tangible assets (Note 11)	123	763
Investments in subsidiary undertakings (Note 12)	323	323
	<hr/>	<hr/>
	446	1,086
	<hr/>	<hr/>
CURRENT ASSETS		
Stocks (Note 13)	4,176	4,491
Debtors (Note 14)	23,803	16,171
Cash at bank and in hand	16,812	191
	<hr/>	<hr/>
	44,791	20,853
CREDITORS - amounts falling due within one year (Note 15)	(45,177)	(21,864)
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(386)	(1,011)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	60	75
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Called up share capital (Note 17)	51	51
Profit and loss account (Note 18)	9	24
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS (Note 18)	60	75
	<hr/>	<hr/>

Approved by the Board on
and signed on their behalf by

24/9 1997

Rupert Bundy

Director

The notes on pages 8 to 17 form an integral part of these financial statements.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 BASIS OF PREPARATION

The preparation of these financial statements has been delayed as a result of the matters described in the 1993 and 1994 accounts.

The Directors are now satisfied that the matters have been resolved and have prepared these accounts on that basis.

2 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies entered into during the year are translated at the rate ruling at the date of the transaction.

All differences in exchange arising from the translation of foreign currencies are taken to the profit and loss account.

(3) Turnover

Turnover represents the value of goods delivered to customers during the year.

(4) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on tangible fixed assets at rates estimated to write off their carrying values evenly over their expected useful lives as follows:

Motor Vehicles	- 4-5 years
Computer Equipment	- 3 years
Fixtures & Fittings	- 5-12 years

(5) Investments

Investments of the Company are stated at cost less provisions for any permanent diminution in value.

(6) Stocks

Stocks and work in progress have been valued at the lower of cost and estimated net realisable value.

(7) Deferred taxation

Provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts, except to the extent that such taxation will not be payable in the foreseeable future.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(8) Pension commitments

The expected cost of providing pensions is recognised on a systematic basis over the period during which benefit is derived from employees' services (see Note 19).

(9) Cash flow statement

No cash flow statement has been presented as the ultimate parent undertaking, SmithKline Beecham plc, presents a statement incorporating the cash flows of this Company.

3 TURNOVER

The Directors consider all of the Company's turnover and profit after taxation to be derived from the one class of business which is the trading in consumer healthcare products.

Turnover analysis by geographical market supplied

	1995 £'000	1994 £'000
Middle East	6,993	7,106
Eastern Europe	23,064	18,183
Americas	1,959	1,583
Africa	5,195	920
Other	4,640	1,959
	<hr/>	<hr/>
Continuing operations	41,851	29,751
Discontinued operations	-	11,412
	<hr/>	<hr/>
	41,851	41,163
	<hr/>	<hr/>

4 COST OF SALES AND OPERATING EXPENSES

	1995 Continuing £'000	1994 Continuing £'000	1994 Discontinued £'000	1994 Total £'000
Cost of sales	27,738	16,842	7,521	24,363
	<hr/>	<hr/>	<hr/>	<hr/>
Net operating expenses:				
Distribution costs	1,749	2,202	841	3,043
Marketing expenses	6,368	11,887	1,522	13,409
Administrative expenses	5,451	7,809	1,524	9,333
Other operating income	-	(114)	(11)	(125)
	<hr/>	<hr/>	<hr/>	<hr/>
	13,568	21,784	3,876	25,660
	<hr/>	<hr/>	<hr/>	<hr/>

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 PROFIT ON DISPOSAL OF BUSINESS SEGMENT

On 30 September 1994 the Company disposed of its pharmaceutical products business and related net assets to Sanofi as part of a transaction entered into by Eastman Kodak Company in respect of its worldwide pharmaceutical business. Financial information regarding the transaction is summarised as follows:

		<u>1994</u> £'000
Proceeds		7,692
Less: Net assets sold		
Stock	898	
Debtors	4,631	
Creditors	(2,520)	
	<hr/>	3,009
Profit on disposal		<hr/> 4,683 <hr/>

The proceeds of this transaction were fixed by a legal agreement and not subject to change. However, the problems with the underlying accounting records in 1994 referred to in Note 1 resulted in significant delays in determining the value of the net assets sold. In presenting the financial statements for the year ended 31 December 1994, the Directors made their best estimates of the valuation of the net assets sold. Subsequent to the presentation of those financial statements an agreement has been reached between Eastman Kodak Company, the ultimate owners of Saxet (UK) Limited at the time of this transaction, SmithKline Beecham plc and Sanofi as to the fair value of these net assets.

The balance owed to Eastman Kodak Company as a result of this agreement is included Creditors (Note 15).

6 LOSS ON ACQUISITION OF SHARE OF BUSINESS

In September 1994, the Company repurchased a 30% share in certain of its business in Central and Eastern Europe from a partnership with Sanofi at a cost of £1,295,000.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):

	<u>1995</u> £'000	<u>1994</u> £'000
Wages and salaries	1,136	3,231
Social security costs	114	316
Auditors' remuneration - statutory audit	50	72
Auditors' remuneration - non audit fees	-	211
Depreciation	112	337
(Gain)/Loss on exchange	(83)	439
Interest receivable on bank deposits	(309)	(94)
Interest payable to group undertakings	511	706
Interest payable on bank and other borrowings repayable within five years	358	138
Loss on disposal of fixed assets	369	20
Research and Development	-	2,949
Provisions for permanent diminution in value of investments in subsidiary undertakings	-	249

8 EMPLOYEES

The average number of persons employed by the Company during the year was:

	<u>1995</u>	<u>1994</u>
United Kingdom	14	39

During the year the employees of the company were transferred to SmithKline Beecham International.

9 DIRECTORS' EMOLUMENTS

	<u>1995</u> £'000	<u>1994</u> £'000
Salaries and other emoluments	16	99

There was no Chairman in 1994 or in 1995.

The emoluments (excluding pension contributions) of the highest paid director were £16,000.

The emoluments of the other directors fell within the following bands.	<u>1995</u> Number	<u>1994</u> Number
Nil - £ 5,000	7	6
£30,000 - £35,000	-	1
£60,000 - £65,000	-	1

The other directors do not perform any executive function for the company and consequently received no remuneration.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Current year UK Corporation tax at 33% (1994: 33%)	-	1,500
Deferred taxation (Note 16)	-	(28)
	<hr/>	<hr/>
	-	1,472
	<hr/>	<hr/>

Given the uncertainties described in Note 1, the tax position of the Company in respect of prior years is not certain. The current year tax charge assumes that the continuing trading activities of the Company will attract a tax charge on account of these uncertainties. The profit on disposal of the business segment in 1994 disclosed in the profit and loss account was treated as fully taxable. The Company's final liability (if any) to corporation tax on profits and gains of the period up to and including 31 December 1995 will remain uncertain pending agreement with the tax authorities.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

11 TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u> £'000	<u>Computer Equipment</u> £'000	<u>Fixtures & Fittings</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 1995	475	726	100	1,301
Additions	49	40	-	89
Disposals	(411)	(731)	(100)	(1,242)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	113	35	-	148
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 1995	157	349	32	538
Charge for the year	43	64	5	112
Disposals	(177)	(411)	(37)	(625)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	23	2	-	25
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
At 31 December 1995	90	33	-	123
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	318	377	68	763
	<hr/>	<hr/>	<hr/>	<hr/>

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<u>1995</u> £'000	<u>1994</u> £'000
Shares in subsidiary undertakings		
Brought forward - at cost	882	882
Transfer to another Group undertaking	<u>(259)</u>	<u>-</u>
	<u>623</u>	<u>882</u>
Less: provisions for diminution in value		
Brought forward	(559)	(559)
Transfer to another Group undertaking	<u>259</u>	<u>-</u>
Carried Forward	<u>(300)</u>	<u>(559)</u>
	<u>323</u>	<u>323</u>

Sterling Drug (Singapore) Pte Limited	-	incorporated in Singapore
Sterling Drug (Malaysia) Sdn Bhd	-	incorporated in Malaysia
SmithKline Beecham Caribbean Limited		
(formerly Sterling Drug International Limited)	-	incorporated in the UK
SmithKline Beecham (Export) Limited		
(formerly Sterling Health (Export) Limited)	-	incorporated in the UK

Sterling Drug (Singapore) Pte Limited, SmithKline Beecham Caribbean Limited and SmithKline Beecham (Export) Limited are wholly owned.

The Company owns 51% of the share capital of Sterling Drug (Malaysia) Sdn Bhd .

On the 28th August 1995, Sterling Health LLC was merged into SmithKline Beecham CISA and the 80% interest transferred from the Company.

On 11th September 1996 the Company invested £5 million in return for shares in its subsidiary SmithKline Beecham Caribbean Limited.

Saxet (UK) Limited is exempt from preparing group accounts by virtue of S228(2) of the Companies Act 1985.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

13 STOCKS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Raw materials and consumables	-	864
Finished goods and goods for resale	4,176	3,627
	<hr/>	<hr/>
	4,176	4,491
	<hr/>	<hr/>

14 DEBTORS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Trade debtors	8,594	8,027
Amounts owed by Group undertakings	13,444	6,629
Other debtors	1,374	1,353
Prepayments	391	162
	<hr/>	<hr/>
	23,803	16,171
	<hr/>	<hr/>

15 CREDITORS (amounts falling due within one year)

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Bank overdraft	15,619	189
Trade creditors	2,755	1,917
Amounts owed to Group undertakings	18,107	10,453
Other creditors and accruals	5,867	6,963
Amount owed to Eastman Kodak Company (Note 5)	852	365
Taxation	1,977	1,977
	<hr/>	<hr/>
	45,177	21,864
	<hr/>	<hr/>

Amounts owed to group undertakings includes a loan of £7,000,000 payable to the ultimate parent undertaking, SmithKline Beecham Finance plc. This loan is repayable on demand and bears interest at a rate of LIBOR plus ¼%. During the course of 1996, this loan was repaid in full.

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

16 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1995</u> £'000	<u>1994</u> £'000
Deferred taxation:		
At 1 January	-	28
(Credit)/charge for the year	-	(28)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>

17 CALLED UP SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Issued, allotted and fully paid:		
51,000 ordinary shares of £1 each	51,000	51,000
	<hr/>	<hr/>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Called up</u> <u>share capital</u> £'000	<u>Profit and</u> <u>loss account</u> £'000	<u>31 December</u> <u>1995</u> £'000	<u>31 December</u> <u>1994</u> £'000
At 1 January	51	24	75	6,818
Profit/(Loss) for the year	-	(15)	(15)	(6,743)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	51	9	60	75
	<hr/>	<hr/>	<hr/>	<hr/>

SAXET (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

19 PENSION COMMITMENTS

The Company formerly participated in the Sterling-Winthrop Group pension plan. This scheme is of the defined benefit type providing benefits based on final pensionable pay to certain employees within the Sterling Group and the assets are held separately from the Group's assets in trustee administered funds.

This scheme was wound-up during 1996. Employees and pensioners were transferred to the SmithKline Beecham Pension Plan on 31 January 1996. On transfer, there was no surplus, and SmithKline Beecham plc guaranteed to make good any deficit in the net assets of the fund. Accordingly, the company has recognised no pension costs in the current year.

20 CONTINGENT LIABILITIES

Note 1 to the accounts outlines the presence over a period of time of deficiencies in the Company's underlying accounting records. Whilst the Directors believe that all legal, regulatory and statutory returns have been made on a consistent and materially correct basis, limitations may exist as to supporting documentation. As a result, significant additional administrative costs may be incurred by the Company. At this stage any such additional expenditure cannot be quantified.

21 RELATED PARTY DISCLOSURES

As stated below, the accounts of the ultimate parent undertaking are publicly available. All transactions with Group companies took place on ordinary trade terms and as permitted by Financial Reporting Standard 8, "Related Party Disclosures", transactions with other entities in the Group are not disclosed.

22 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is SmithKline Beecham plc, a Company incorporated in England and Wales. Group accounts of SmithKline Beecham plc may be obtained from:

SmithKline Beecham plc
New Horizons Court
Brentford
Middlesex
TW8 9EP