

Montrose Fine Chemical Company Ltd.
(Registered Number SC190635)

Annual Report and Financial Statements

For the year ended 31st December 2009

Registered office address:

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Montrose Fine Chemical Company Ltd.
Annual Report and Financial Statements
For the year ended 31st December 2009

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Montrose Fine Chemical Company Ltd.
(Registered Number SC190635)

Directors' Report for the year ended 31st December 2009

The Directors submit their report and the audited financial statements for the year ended 31st December 2009.

Principal activities

The Company is an investment holding company in the GlaxoSmithKline Group ("the Group"). The Directors do not envisage any change to the nature of the business in the foreseeable future.

Review of business

The Company made a loss on ordinary activities after taxation of £8,371 (2008 - loss of £153,923). The Directors consider that the loss for the year is unusual and specifically due to the write-down of the value of investments. The Directors are of the opinion that the current level of activity and the year end financial position are sustainable due to financial support obtained from GlaxoSmithKline Finance plc and the company remains a going concern.

The loss for the year of £8,371 will be transferred from reserves (2008 - loss for the year of £153,923 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.

No dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2009 (2008 - £nil).

Directors and their interests

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

Edinburgh Pharmaceutical Industries Limited

The Wellcome Foundation Limited

Mr A Grist

Appointed on 09/09/2009

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 the Corporate Directors, where such an interest may arise in the ordinary course of business.

Director's indemnity

The Directors benefit from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the Directors in the execution and discharge of his, her or its duties.

Montrose Fine Chemical Company Ltd.
(Registered Number SC190635)

Directors' Report for the year ended 31st December 2009

Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 elected to prepare 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 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

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 deemed to be re-appointed in accordance with an elective resolution made under s386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

This report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006

By order of the Board



P Williamson

For and on behalf of Edinburgh Pharmaceutical Industries Limited

Director

25th February 2010

Montrose Fine Chemical Company Ltd.

Independent Auditors' Report to the members of Montrose Fine Chemical Company Ltd

We have audited the financial statements of Montrose Fine Chemical Company Limited for the year ended 31st December 2009 which comprise the Profit and Loss Account, the Balance Sheet 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 page 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 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.

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 31st December 2009 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.

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



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25th February 2010

Montrose Fine Chemical Company Ltd.

Profit and Loss Account

For the year ended 31st December 2009

	<i>Notes</i>	2009 £	2008 £
Operating expenses		(7,102)	(7,085)
Operating loss	3	(7,102)	(7,085)
Interest receivable	4	19,087	144,255
Amounts written off investments	6	(17,000)	(252,000)
Loss on ordinary activities before taxation		(5,015)	(114,830)
Taxation	5	(3,356)	(39,093)
Loss on ordinary activities after taxation for the financial year		(8,371)	(153,923)
Loss for the financial year	10	(8,371)	(153,923)

The results disclosed above relate entirely to continuing operations.

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

Montrose Fine Chemical Company Ltd.

Balance Sheet as at 31st December 2009

	<i>Notes</i>	2009 £	2008 £
Fixed assets			
Investments	6	887,188	904,188
Current assets			
Debtors	7	3,341,412	3,121,889
Creditors: amounts falling due within one year	8	(137,111)	(126,217)
Net current assets		3,204,301	2,995,672
Total assets less current liabilities		4,091,489	3,899,860
Net assets		4,091,489	3,899,860
Capital and reserves			
Called up share capital	9	12	12
Share premium account	10	3,999,990	3,999,990
Profit and loss account	10	(108,513)	(100,142)
Capital reserve	10	200,000	-
Total shareholder's funds	11	4,091,489	3,899,860

The accounts on pages 4 to 9 were approved by the Directors on 25th February 2010 and were signed on its behalf by:


A Grist
Director

Montrose Fine Chemical Company Ltd.

Notes to the Financial Statements for the year ended 31st December 2009

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) 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.

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

(d) Dividends paid and received

Interim 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. Final dividends are recorded in the profit and loss account upon shareholder approval.

(e) 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 monetary 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 profit.

(f) Taxation

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

2 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 (2008 - £nil). Corporate Directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2008 - £nil).

Montrose Fine Chemical Company Ltd.

Notes to the Financial Statements for the year ended 31st December 2009

3 Operating loss

	2009 £	2008 £
The following items have been charged in operating loss:		
Management fee	7,102	7,085

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditor remuneration of £3,393 (2008 - £3,484).

4 Interest receivable

	2009 £	2008 £
Interest receivable and similar income		
On loans with group undertakings	19,087	144,255
	19,087	144,255

5 Taxation

	2009 £	2008 £
Taxation charge based on profits for the period		
UK corporation tax at 28% (2008: 28.5%)	3,356	39,093
	3,356	39,093

	2009 £	2008 £
Reconciliation of current taxation charge		
Profit on ordinary activities at the UK statutory rate 28% (2008: 28.5%)	(1,404)	(32,727)
Non deductible expenses	4,760	71,820
Current tax charge for the period	3,356	39,093

No provision is required for deferred taxation.

6 Fixed asset investments

	Total £
Cost at 1st January 2009 and 31st December 2009	1,156,188
Impairment at 1st January 2009	(252,000)
Impairment charge for the year	(17,000)
Impairment at 31st December 2009	(269,000)
Carrying value at 1st January 2009	904,188
Carrying value at 31st December 2009	887,188

The impairment relates solely to a write-down in the carrying value of the Company's investment in Montrose d.o.o.

Details of the principal subsidiary undertakings of the Company as at 31st December 2009 are given in Note 18.

Montrose Fine Chemical Company Ltd.

Notes to the Financial Statements for the year ended 31st December 2009

7 Debtors

	2009 £	2008 £
Amounts due within one year		
Amounts owed by group undertakings	3,341,412	3,121,889
	3,341,412	3,121,889

8 Creditors

	2009 £	2008 £
Amounts falling due within one year		
Amounts due to fellow Group companies	133,755	87,124
Taxation	3,356	39,093
	137,111	126,217

The taxation creditor contains amounts which will be paid to fellow Group companies.

9 Called up share capital - equity interests

	2009 Number of shares	2008 Number of shares	2009 £	2008 £
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Issued and fully paid				
Ordinary shares of £1 each	12	12	12	12

10 Reserves - equity interests

	Profit and loss account £	Share premium account £	Capital reserve £	Total reserves £
At 1st January 2009	(100,142)	3,999,990	-	3,899,848
Loss for the financial year	(8,371)	-	-	(8,371)
Capital contribution	-	-	200,000	200,000
At 31st December 2009	(108,513)	3,999,990	200,000	4,091,477

The Capital reserve comprises £200,000 of capital contribution, which is fully distributable, received from the company's immediate parent undertaking, Glaxo Group Limited, on 23rd October 2009.

11 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Loss for the financial year	(8,371)	(153,923)
Capital contribution	200,000	-
Net addition to/(deduction from) shareholders' funds	191,629	(153,923)
Opening shareholders' funds	3,899,860	4,053,783
Closing shareholders' funds - equity interests	4,091,489	3,899,860

12 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 Section 400 of the Companies Act 2006.

Montrose Fine Chemical Company Ltd.

Notes to the Financial Statements for the year ended 31st December 2009

13 Contingent liabilities

Group banking arrangement

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 as at 31st December 2009 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

There are no employees of the Company as all personnel are employed by other group companies (2008 - nil).

15 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.

16 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 Glaxo Group 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 FRS 8 'Related Party Disclosures' not to disclose any related party transactions within the Group. There are no other related party transactions.

18 Principal subsidiary and associated undertakings

The principal subsidiary and associated undertakings of the Company as at 31st December 2009 are as follows:

Company	Percentage shares held	Class of Shares Held	Country of Incorporation
Montrose d.o.o.	100%	Ordinary	Slovenia
Montrose Pharma Company Limited	100%	Quota	Hungary
Montrose Pharma Slovakia s.r.o.	100%	Euro Capital	Slovakia
Montrose Pharma UAB	100%	Ordinary	Lithuania

The subsidiaries above are involved in the marketing of GlaxoSmithKline products.

A full list of the Group's subsidiary and associated undertakings will be attached to Annual Return of GlaxoSmithKline plc to be filed with the Registrar of Companies.