

Saxet (U.K.) Limited
(Registered Number: 1134318)

Directors' Report and Accounts

31 December 2000



Saxet (U.K.) Limited

Index

	Page
Report of the Directors	1
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Accounting Policies	8
Notes to the Accounts	9

Saxet (U.K.) Limited

Report of the Directors for the Year Ended 31 December 2000

Registered Office Four New Horizons Court
Harlequin Avenue
Brentford
Middlesex
TW8 9EP

The Directors submit their annual report together with the audited accounts for the year ended 31 December 2000.

Principal Activities

During the year the principal activity of the Company and its subsidiary undertakings was the supply of "over the counter" consumer healthcare products.

Review of the Business and Future Developments

The Company incurred an operating loss for the year, though reduced from the previous year.

The Directors believe that the Company will perform satisfactorily for the foreseeable future.

Results and Dividends

The profit and loss account is shown on page 6. The Directors do not recommend the payment of a dividend (1999: £nil) and accordingly the loss after tax for the year of £497,000 (1999: £2,782,000) has been transferred from reserves.

European Monetary Union

The European Union introduced a single European currency, the Euro, on 1 January 1999. The Group is preparing for the transition to the Euro by testing and where necessary updating information systems. From 1 January 1999 the Company has been able to make and receive payments in Euros and all relevant systems have been updated to accommodate the new currency. All costs in connection with the introduction of the Euro have been borne by the Group.

Merger of Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc

On 27 December 2000, Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc were acquired under a scheme of arrangement by GlaxoSmithKline plc. Accordingly GlaxoSmithKline plc became the ultimate holding company.

Saxet (U.K.) Limited

Report of the Directors for the Year Ended 31 December 2000

Directors

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

C J Andrews	(resigned 16 March 2001)
R M Bondy	(resigned 16 March 2001)
C A McClintock	(appointed 1 January 2000, resigned 16 March 2001)
D C Osborn	(resigned 16 March 2001)
Edinburgh Pharmaceutical Industries Limited	(appointed 15 March 2001)
Glaxo Group Limited	(appointed 15 March 2001)

Directors' and officers' liability insurance, paid by SmithKline Beecham plc, the ultimate parent undertaking prior to 27 December 2000, was in place during the period.

None of the Directors has a beneficial interest in the shares of the Company, or any other group company, other than SmithKline Beecham plc (GlaxoSmithKline plc from 27 December 2000).

The following interests of the Directors in the shares of the ultimate parent undertaking, GlaxoSmithKline plc (SmithKline Beecham plc prior to 27 December 2000), have been notified to the Company. Interests in SmithKline Beecham plc prior to 27 December 2000 have been converted into GlaxoSmithKline plc equivalents at the relevant merger ratios:

	Ordinary Shares of 25 pence each	
	1 Jan 2000*	31 Dec 2000
C J Andrews	987	859
R M Bondy	1,425	4,923
D C Osborn	5,476	18,197
C A McClintock	1,854	2,139

* Opening balance has been restated in GlaxoSmithKline plc equivalents converted at a rate of 0.4552 GSK share for each SB share

	As at 1 Jan 2000*	Options over Ordinary Shares		
		Granted	Exercised	As at 31 Dec 2000
C J Andrews	15,402	-	6,390	9,012
R M Bondy	70,328	1,855	-	72,183
D C Osborn	30,405	-	15,384	15,021
C A McClintock	11,785	-	-	11,785

* Opening balance has been restated in GlaxoSmithKline plc equivalents converted at a rate of 0.4552 GSK share for each SB share

Saxet (U.K.) Limited

Report of the Directors for the Year Ended 31 December 2000

Directors (continued)

The options for the purchase of shares may be exercised at a variety of prices. 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. All options vested at the date of the SmithKline Beecham Court Meeting to approve the merger. This had no financial effect on the Company.

Mid-Term Incentive Plan

Directors have acquired interests on a nil price basis in the following participations under the SmithKline Beecham Mid-Term Incentive Plan (MTIP). Under the terms of the MTIP the number of shares actually awarded was determined following the end of the relevant measurement period and depended on SmithKline Beecham plc's relative performance during that period.

	As at 1 Jan 2000*	Granted	During the year Vested	Lapsed	As at 31 Dec 2000
C J Andrews	-	-	-	-	-
R M Bondy	8,012	-	1,855	57	6,100
D C Osborne	-	-	-	-	-
C A McClintock	-	-	-	-	-

* Opening balance has been restated in GlaxoSmithKline plc equivalents converted at a rate of 0.4552 GSK share for each SB share

On the vesting of an MTIP award the Director may choose to receive the shares or be granted a nil price option. Where the Director has chosen to receive an option this is shown as a grant in the table above.

The measurement period, relating to participations granted in November 1996 and March 1997, ended on 31 December 1999 and an award equivalent to 97% of the participations then granted was made on 9 March 2000, when the market price of a GlaxoSmithKline share (restated to reflect the merger) was £15.59.

As a result of the merger, the performance conditions in respect of grants made in 1997 (after March 1997), 1998 and 1999 were waived. The measurement period, relating to participations granted in November 1997, ended on 31 December 2000 and a final award of 100% of the target shares in that grant was confirmed on 8 February 2001. At that time the market price of a GlaxoSmithKline share was £18.38.

Full details of the SmithKline Beecham MTIP are disclosed in the accounts of GlaxoSmithKline plc.

Saxet (U.K.) Limited

Report of the Directors for the Year Ended 31 December 2000

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 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 accounts; and
- 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 fraud and other irregularities.

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.

On behalf of the Board



K J Bryant
Secretary

Date

29 October 2001

Auditors' Report to the Members of Saxet (U.K.) Limited

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

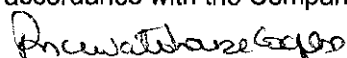
Basis of Audit Opinion

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

29 October

2001

Saxet (U.K.) Limited**Profit and Loss Account
For the Year Ended 31 December 2000**

	Note	2000 £'000	Year ended 1999 £'000
Turnover	1	32,595	31,553
Cost of sales		(25,224)	(25,725)
Gross Profit		7,371	5,828
Distribution costs		(1,938)	(1,893)
Administrative expenses		(5,687)	(8,989)
Operating Loss	2	(254)	(5,054)
Interest payable	5	(681)	(591)
Loss on ordinary activities before taxation		(935)	(5,645)
Tax on loss on ordinary activities	6	438	2,863
Loss for the financial year		(497)	(2,782)

All activity arises from continuing operations.

The Company has no recognised gains and losses other than those recorded in the profit and loss account for the year.

The accounting policies on page 8 and the notes on pages 9 to 13 form part of these accounts.

Saxet (U.K.) Limited**Balance Sheet as at 31 December 2000**

	Note	At 31 December	
		2000 £'000	1999 £'000
Fixed Assets			
Investments in subsidiary undertakings	7	5,623	5,623
		5,623	5,623
Current Assets			
Stocks	8	2,299	4,477
Debtors	9	18,909	17,679
		21,208	22,156
Creditors: amounts falling due within one year	10	(26,775)	(27,226)
Net current liabilities		(5,567)	(5,070)
Total assets less current liabilities		56	553
Capital and Reserves			
Called up share capital	11	51	51
Profit and loss account	12	5	502
Total shareholders' funds - equity interests	13	56	553

Approved by the Board on  October 2001 and signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Director

The accounting policies on page 8 and the notes on pages 9 to 13 form part of these accounts

Saxet (U.K.) Limited

Accounting Policies

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

Accounting convention

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

Turnover

Turnover represents the value of goods delivered to customers during the year excluding value added tax and other sales taxes.

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.

Investments

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

Stocks

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

Saxet (U.K.) Limited

Notes to the Accounts for the Year Ended 31 December 2000

1 Segmental information

Turnover and profit after taxation are derived from the one class of business which is trading in consumer healthcare products.

Turnover analysis by geographical market supplied:

	2000	1999
	£'000	£'000
Middle East	15,378	17,298
Eastern Europe	15,313	12,902
Americas	82	358
Africa	1,674	936
Other	148	59
	32,595	31,553

2 Operating Loss

Operating loss is stated after crediting:

	2000	1999
	£'000	£'000
Gain on exchange	7	102

The auditors' remuneration has been borne by SmithKline Beecham plc, the ultimate parent undertaking prior to 27 December 2000.

3 Employees

The average number of persons employed by the Company during the year was nil (1999: nil).

4 Directors' Emoluments

The Directors received no remuneration in relation to their services to the Company during the year (1999: £Nil).

Saxet (U.K.) Limited**Notes to the Accounts (Continued)****5 Interest**

	2000 £'000	1999 £'000
Interest payable:		
Interest payable to group undertakings	681	591

6 Taxation

	2000 £'000	1999 £'000
UK corporation tax at 30% (1999: 30.25%)	(438)	(791)
Adjustment to prior years	-	(2,072)
	(438)	(2,863)

Saxet (U.K.) Limited

Notes to the Accounts (Continued)

7 Investments in Subsidiary Undertakings

	2000 £'000	1999 £'000
Shares in subsidiary undertakings		
Brought forward and carried forward - at cost	5,623	5,623

The subsidiary companies and their countries of incorporation are:

Undertaking	Country of Incorporation	Principal operations	Principal Activity
Sterling Drug (Singapore) Pte Limited	Singapore	Singapore	Consumer Healthcare
Sterling Drug (Malaya) Sdn Bhd	Malaysia	Malaysia	Consumer Healthcare
SmithKline Beecham Caribbean Limited	UK	Caribbean	Consumer Healthcare
SmithKline Beecham (Export) Limited	UK	Russia	Representative office

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

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

Saxet (U.K.) Limited is a wholly owned subsidiary of the ultimate parent undertaking which prepares group accounts and as such has taken advantage of the exemption from preparing group accounts under S228(2) of the Companies Act 1985.

8 Stocks

	2000 £'000	1999 £'000
Finished goods and goods for resale	2,299	4,447
	2,299	4,447

The replacement cost of stocks is not materially different from original cost.

Saxet (U.K.) Limited

Notes to the Accounts (Continued)

9 Debtors

	2000 £'000	1999 £'000
Falling due within one year:		
Amounts owed by group undertakings	5,111	1,385
Trade debtors	9,205	12,224
Taxation recoverable	4,508	4,070
Sundry debtors	85	-
	18,909	17,679

10 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed to group undertakings	23,814	23,143
Taxation	2,907	3,980
Other creditors and accruals	54	103
	26,775	27,226

11 Called Up Share Capital

	2000 £	1999 £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
Issued, allotted and fully paid:		
51,000 ordinary shares of £1 each	51,000	51,000

12 Reserves

	Profit and loss account £'000
At 1 January 2000	502
Retained loss for the year	(497)
At 31 December 2000	5

Saxet (U.K.) Limited

Notes to the Accounts (Continued)

13 Reconciliation of Movements in Shareholders' Funds

	2000 £'000	1999 £'000
Loss for the year	(497)	(2,782)
Opening shareholders' funds	553	3,335
Closing shareholders' funds	56	553

14 Ultimate Parent Undertaking

The Company is a wholly-owned subsidiary of GlaxoSmithKline plc which is registered in England.

This is the smallest and largest group into which the results of the company have been consolidated. Copies of GlaxoSmithKline plc's accounts can be obtained from The Secretary, GlaxoSmithKline plc, Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex, UB6 0NN.

15 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 taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

16 Related Party Transactions

As a wholly owned subsidiary of GlaxoSmithKline plc advantage has been taken of the exemption afforded by Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the GlaxoSmithKline plc group. There are no other related party transactions.

17 Merger of Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc

On 27 December 2000, Glaxo Wellcome plc (which changed its name to GlaxoSmithKline Services plc on 1 October 2001) and SmithKline Beecham plc were acquired under a scheme of arrangement by GlaxoSmithKline plc. Accordingly GlaxoSmithKline plc became the ultimate holding company.