

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

Annual Report and Financial Statements

For the year ended 31st December 2008

Registered office address:

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Brentford
Middlesex
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Saxet (U.K.) Limited

Annual Report and Financial Statements

For the year ended 31st December 2008

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Saxet (U.K.) Limited

Directors' Report for the year ended 31st December 2008

The Directors submit their report and the audited financial statements for the year ended 31st December 2008.

Principal activities

The principal activity of the company was, until 31st December 2007, the supply of consumer healthcare products to Eastern Europe, Middle East and Africa. On 1st January 2008 the distribution rights for products traded through the company were transferred to GlaxoSmithKline Export Ltd. As such the company did not carry out any trading activities during the period. 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 £633,000 (2007 - profit of £6,561,000). The Directors do not envisage any change to the nature of the business in the foreseeable future.

The loss for the year of £633,000 will be transferred from reserves (2007 - profit for the year of £6,561,000 transferred to reserves).

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks of the GlaxoSmithKline Group ("the Group") at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2008 Annual Report ("Outlook and risk factors" section) which does not form part of this report.

Key performance indicators (KPIs)

The Directors of GlaxoSmithKline plc manage the Group's operations on a business sector basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the Group are discussed in the Group's 2008 Annual Report ("2008 performance overview" section) which does not form part of this report.

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 2008 (2007 - £nil).

Directors

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

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

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.

Saxet (U.K.) Limited

Directors' Report for the year ended 31st December 2008 (continued)

Payment policy

There were no trade creditors as at 31 December 2008, all liabilities being due to other companies within the Group.

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). The financial statements are required by law to 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 UK 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, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company 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.

As far as 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.

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

PricewaterhouseCoopers LLP are willing to continue in office as auditors and resolutions dealing with their reappointment and remuneration will be proposed at a General Meeting of the Company.

By order of the Board



P Williamson

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary
13th March 2009

Saxet (U.K.) Limited

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

We have audited the financial statements of Saxet (U.K.) Limited for the year ended 31st December 2008 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
13th March 2009

Saxet (U.K.) Limited**Profit and Loss Account****For the year ended 31st December 2008**

	<i>Notes</i>	2008 £000	2007 £000
Turnover		-	64,032
Cost of sales		-	(46,240)
Gross profit		-	17,792
Distribution costs		-	(4,621)
Administrative expenses		(46)	(3,512)
Other operating income		10	-
Operating (loss)/profit	2	(36)	9,659
Net interest payable	3	(859)	(995)
(Loss)/Profit on ordinary activities before taxation		(895)	8,664
Taxation	4	262	(2,103)
(Loss)/Retained profit	10	(633)	6,561

There is no difference between the (loss)/retained profit on ordinary activities before taxation and the (loss)/retained profit 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.

Saxet (U.K.) Limited

Balance Sheet

As at 31st December 2008

	Notes	2008 £000	2007 £000
Investments	5	5,605	5,605
Fixed assets		5,605	5,605
Stock	6	-	3,367
Debtors	7	23,827	22,503
Current assets		23,827	25,870
Creditors: amounts due within one year	8	(21,060)	(22,470)
Net current assets		2,767	3,400
Net assets		8,372	9,005
Capital and reserves			
Called up share capital	9	51	51
Profit and loss account	10	8,321	8,954
Equity shareholders' funds	11	8,372	9,005

The accounts on pages 4 to 9 were approved by the Board of Directors on 13th March 2009 and were signed on its behalf by:



A Grist

For and on behalf of Edinburgh Pharmaceutical Industries Ltd – Director

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

Saxet (U.K.) Limited

Notes to the Financial Statements for the year ended 31st December 2008

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 1985 and applicable UK Accounting Standards.

(b) Foreign currency transactions

Foreign currency transactions are booked in local currency at the exchange rate ruling on the date of the transaction. Foreign currency assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in trading profit.

(c) Revenue

Revenue is recognised in the profit and loss account when goods or services are supplied to, or made available for collection by, external customers or other group subsidiaries against orders received. Turnover represents the net invoice value after the deduction of discounts given at the point of sale and accruals for estimated future rebates and returns. Value added tax and other sales taxes are excluded from revenue.

(d) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising expenditure is charged to the profit and loss account as incurred. Shipment costs on inter-company transfers are charged to cost of sales.

(e) 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.

(f) Stocks

Stocks are included in the financial statements at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value. Cost is generally determined on a first in, first out basis.

(g) 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.

The Company accounts for taxation which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. 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.

2 Operating profit

	2008 £000	2007 £000
The following items have been charged in operating profit:		
Management fee	8	8

Auditors' remuneration of £4,764 has been borne by GlaxoSmithKline Export Limited.

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged.

Saxet (U.K.) Limited

Notes to the Financial Statements for the year ended 31 December 2008 (continued)

3 Net interest payable

	2008 £000	2007 £000
Interest payable		
On loans with group undertakings	(859)	(995)

4 Taxation

	2008 £000	2007 £000
Taxation (credit)/charge based on profits for the period		
UK corporation tax at 28.5% (2007: 30%)	(255)	2,599
Over provision in previous years	(7)	(496)
	(262)	2,103
Reconciliation of the taxation charge		
	2008 £000	2007 £000
(Loss)/Profit on ordinary activities at the UK Statutory rate 28.5% (2007: 30%)	(255)	2,599
Prior year adjustment to current tax	(7)	(496)
Current tax (credit)/charge for the period	(262)	2,103

The prior period adjustments are in respect of various periods and arise from revision during the year of management's estimates, following agreements with tax authorities and the subsequent amendments to UK group loss utilisation and payment allocation.

No provision is required for deferred taxation.

5 Fixed asset investments

	Subsidiary undertakings Shares at cost £000	Total £000
Cost at 1st January 2008	5,605	5,605
Cost at 31st December 2008	5,605	5,605

Details of the principal subsidiary undertakings, participating interests and joint ventures of the Company as at 31st December 2008 are given in Note 18.

6 Stocks

	2008 £000	2007 £000
Finished goods	-	3,367

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

7 Debtors

	2008 £000	2007 £000
Amounts due within one year		
Trade debtors	-	11,600
Amounts owed by group undertakings	23,572	10,903
Taxation	255	-
	23,827	22,503

The taxation debtor contains amounts which will be recovered by way of payments from fellow group companies.

Saxet (U.K.) Limited

Notes to the Financial Statements for the year ended 31 December 2008 (continued)

8 Creditors

	2008 £000	2007 £000
Amounts due within one year		
Trade creditors	-	1,121
Amounts owed to group undertakings	21,060	18,260
Taxation	-	1,939
Other creditors	-	1,150
	21,060	22,470

9 Called up share capital - equity interests

	2008 Number of shares	2007 Number of shares	2008 £000	2007 £000
Authorised				
Ordinary Shares of £1 each	100,000	100,000	100	100
Issued and fully paid				
Ordinary Shares of £1 each	51,000	51,000	51	51

10 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2008	8,954	8,954
Loss for the financial year	(633)	(633)
At 31st December 2008	8,321	8,321

11 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
(Loss)/profit for the financial year	(633)	6,561
Net (reduction)/addition to shareholders' funds	(633)	6,561
Opening shareholders' funds	9,005	2,444
Closing shareholders' funds – equity interests	8,372	9,005

12 Employees

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

13 Directors' remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2007 - £nil).

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 FRS 1 'Cash Flow Statements' (Revised 1996) not to prepare a cash flow statement.

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Notes to the Financial Statements for the year ended 31 December 2008 (continued)

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 Section 228 of the Companies Act 1985.

16 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.

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 subsidiaries and associated undertakings

The principal subsidiaries of the Company as at 31st December 2008 are as follows:

Company	Percentage shares held	Class of shares held *	Country of Incorporation
Sterling Drug (Malaya) Sdn Bhd	51%	Ordinary	Malaysia
GlaxoSmithKline Caribbean Limited	100%	Ordinary	England & Wales
SmithKline Beecham (Export) Limited	100%	Ordinary	England & Wales

* Held directly by Saxet (U.K.) Limited