

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

Annual Report and Financial Statements

For the Year Ended 31st December 2002

Registered office address:

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TW8 9GS



Saxet (U.K.) Limited

Annual Report and Financial Statements

For the Year Ended 31st December 2002

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Saxet (U.K.) Limited

Annual Report for the Year Ended 31st December 2002

The Directors submit their report and the audited financial statements for the year ended 31st December 2002.

Principal activities

The principal activity of the Company and its subsidiary undertakings was the supply of 'over the counter' consumer healthcare products to Eastern Europe, Middle East and Africa.

Review of business

The Company made a profit on ordinary activities after taxation of £3,044,000 (2001 - £959,000). 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 £3,044,000 (2001 - £959,000) will be transferred to reserves.

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 4.

The Directors propose that no dividend be paid to the holders of Ordinary Shares in respect of the year ended 31st December 2002 (2001 - nil).

Directors and their interests

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

Edinburgh Pharmaceutical Industries Limited
Glaxo Group Limited

Where the Directors have beneficial interests in the shares of other group companies, these are held as investments and arise in the ordinary course of the business. None of the Directors have beneficial interests in the shares of GlaxoSmithKline plc.

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 Group.

Change in Company Secretary

Mrs K J Bryant resigned as Company Secretary on 18th January 2002 and was replaced by Edinburgh Pharmaceutical Industries Limited.

Saxet (U.K.) Limited

Annual Report for the Year Ended 31st December 2002

Statement of directors' responsibilities

Company law requires the Directors and Auditors 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.


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

Following conversion of our auditors Pricewaterhouse Coopers to a Limited Liability partnership (LLP) from 1st January 2003, PricewaterhouseCoopers resigned on 6th February 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP to the Company will be proposed at the Company's Annual General Meeting.

By order of the Board



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Director

27 October 2003

Saxet (U.K.) Limited

Independent auditors' report to the members of Saxet (U.K.) Limited

We have audited the financial statements which comprise: the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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. The other information comprises only the Directors' report.

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 31st December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

27 October 2003

Saxet (U.K.) Limited

**Profit and Loss Account
For the Year Ended 31st December 2002**

		2002	2001
	Notes	£000	£000
Turnover		32,873	34,836
Cost of sales		(28,292)	(26,589)
Gross profit		4,581	8,247
Distributions costs		(2,464)	(2,090)
Administrative expenses		(5,438)	(4,424)
Trading (loss)/profit		(3,321)	1,733
Income from investments in subsidiary undertakings	5	4,315	-
Profit before interest		994	1,733
Net interest payable	6	(510)	(593)
Profit on disposal of group shares		-	71
Profit on ordinary activities before taxation		484	1,211
Taxation	7	2,560	(252)
Retained profit	15	3,044	959

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 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 11 form part of these financial statements

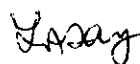
Saxet (U.K.) Limited

Balance Sheet

As at 31st December 2002

		2002	2001
	Notes	£000	£000
Investments	8	5,605	5,605
Fixed Assets		5,605	5,605
Stock	9	961	689
Debtors	10	18,932	20,648
Current assets		19,893	21,337
Creditors: amounts due within one year	11	(21,319)	(25,927)
Net current liabilities		(1,426)	(4,590)
Total assets less current liabilities		4,179	1,015
Provisions for liabilities and charges	12	(120)	-
Net assets		4,059	1,015
Capital and reserves			
Called up share capital	14	51	51
Profit and loss account	15	4,008	964
Equity shareholders' funds	16	4,059	1,015

The accounts on pages 4 to 11 were approved by the Board of Directors on 27 October 2003 and were signed on its behalf by:



L A Day

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 6 to 11 form part of these financial statements.

Saxet (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

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 are prepared under the historical cost convention, and comply with all applicable UK accounting standards.

(b) Foreign currency translation

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 trading profit.

(c) Revenue

Revenue is recognised in the profit and loss account when goods are supplied to external customers or other group subsidiaries against orders received. Turnover represents the net invoice value, after deduction of discounts given at the point of sale, of products despatched to, or available for collection by customers, less 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. Restructuring costs are recognised in respect of the direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken at the balance sheet date.

(e) Stocks

Stocks are included in the accounts 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.

(f) Taxation

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 profit.

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 New accounting policies and requirements

The Company has implemented Financial Reporting Standard 19: 'Deferred tax' in 2002 which requires deferred tax to be accounted for on a full provision basis, rather than a partial provisions basis as before. Comparative information has been restated as necessary. The effect in 2001 is nil. The net effect on deferred tax as at 31st December 2001 was nil.

The effect of adopting the standard on the 2002 tax credit and the closing deferred tax balance at 31 December 2002, is nil.

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Notes to the Financial Statements for the Year Ended 31st December 2002

3 Segmental Information

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

The geographical analysis of turnover by destination is:	2002	2001
	£000	£000
Middle East	19,705	17,535
Eastern Europe	12,264	15,283
Africa	759	1,775
Other	145	243
	32,873	34,836

4 Operating profit

The auditors' remuneration has been borne by GlaxoSmithKline plc the ultimate parent undertaking.

5 Income from investments in subsidiary undertakings

	2002	2001
	£000	£000
Dividends	4,315	-

6 Net interest (payable)/receivable

	2002	2001
	£000	£000
Interest payable		
On loans with group undertakings	(510)	(618)
Investment income		
On loans with group undertakings	-	25
	(510)	(593)

Saxet (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

7 Taxation

	2002 £000	2001 £000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2001: 30%)	(1,149)	269
Adjustment to prior years	(1,531)	(17)
Deferred tax	120	-
	(2,560)	252

	2002 £000	2001 £000
Tax on ordinary profits at UK standard tax rate		
Tax on ordinary profits at UK standard tax rate	145	363
Prior year adjustments to current tax	(1,531)	(17)
Short term timing differences	(1,294)	-
Permanent differences	-	(94)
Current tax charge for the period	(2,680)	252

The prior periods tax credits were based on managements' best estimates that were revised during the year following submission of the tax returns or agreement with the tax authorities.

8 Investments held as fixed assets

	Subsidiary undertakings Shares at cost £000	Total £000
At 1st January 2002	5,605	5,605
At 31st December 2002	5,605	5,605

The subsidiary companies and their countries of incorporation are:

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

GlaxoSmithKline 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

Notes to the Financial Statements for the Year Ended 31st December 2002

9 Stocks

	2002 £000	2001 £000
Finished goods and goods for resale	961	689
	961	689

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

10 Debtors

	2002 £000	2001 £000
Amounts due within one year		
Trade debtors	8,478	9,350
Amounts owed by group undertakings	8,926	6,754
Corporation tax recoverable	1,433	4,525
Other debtors	95	19
	18,932	20,648

11 Creditors

	2002 £000	2001 £000
Amounts owed to group undertakings	21,278	22,709
Taxation	-	3,177
Other creditors	41	41
	21,319	25,927

12 Provisions for liabilities and charges

	Deferred taxation £000	Total £000
At 1st January 2002	-	-
Charge for the year	120	120
At 31st December 2002	120	120

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Notes to the Financial Statements for the Year Ended 31st December 2002

13 Deferred taxation (liability)

	2002 £000	2001 £000
Other timing differences	120	-
	120	-

14 Called up share capital - equity interests

	2002 Number of shares	2001 Number of shares	2002 £000	2001 £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

15 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2002 as previously reported	964	964
Retained profit for the financial year	3,044	3,044
At 31st December 2002	4,008	4,008

16 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Profit for the financial year	3,044	959
Net addition to shareholders' funds	3,044	959
Opening shareholders' funds as previously reported	1,015	56
Closing shareholders' funds - equity interests	4,059	1,015

Saxet (U.K.) Limited

Notes to the Financial Statements for the Year Ended 31st December 2002

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

18 Group accounts

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group accounts under s.228 of the Companies Act 1985.

19 Ultimate parent undertaking

GlaxoSmithKline, a public limited company registered in England and Wales, is the Company's ultimate parent undertaking. The largest and smallest group of undertakings for which group accounts are prepared and which include the results of the Company, are the consolidated accounts of GlaxoSmithKline plc. Copies of the consolidated accounts can be obtained from The Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham plc.

20 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by Financial Reporting Standard 8 not to disclose any related party transactions within the Group. There are no other related party transactions.