

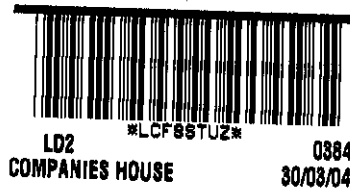
FC018586

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Affymax Technologies N.V.
(Registered Number FC018586)

Annual Report and Financial Statements

For the Year Ended 31st December 2003



Registered office address:

De Ruyterkade 62
Curacao
Netherland Antilles
Dutch Antilles

Branch office address:

980 Great West Road
Brentford
Middlesex
TW8 9GS

Affymax Technologies N.V.

Annual Report and Financial Statements

For the Year Ended 31st December 2003

	Pages
Report of the Directors	1-3
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-12

Affymax Technologies N.V.

Annual Report for the Year Ended 31st December 2003

The Directors submit their report and the audited financial statements for the year ended 31st December 2003.

Principal activities

Affymax Technologies N.V. (the "Company") is a subsidiary undertaking of Affymax N.V., which is a subsidiary undertaking of Glaxo Venture Limited. The ultimate parent company is GlaxoSmithKline plc. The Company's principal activity is that of an investment company. The Company has the right to future royalty income in respect of a licence agreement with Glaxo Group Limited, an affiliated company. The Company retains a participation in Affymax Inc. non-voting preferred stock.

Review of business

The Company made a profit on ordinary activities after taxation of US\$6.6 million (2002: loss of US\$1.1 million). This was principally through realising a gain of US\$6.1 million from the sale of the Company's shareholding in Affymetrix Inc. (2002: nil). 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 £6.6 million will be transferred to reserves (2002 - loss for the year of £1.1 million deducted from reserves).

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 5.

The Directors propose that no dividend be paid to the holders of Ordinary Shares in respect of the year ended 31st December 2003 (2002: nil).

Appointment of Assistant Secretary

Richard Stephens was appointed as Assistant Secretary on 14th August 2003.

Directors and their interests

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

Dr A. Baxter	(Resigned 17th December 2003)
Mr P.F. Blackburn	(Appointed 17th December 2003)
Mr E.B. Cale III	(Appointed 29th January 2003)
Mr R. Emerson	(Appointed 17th December 2003)
Dr P.N. Goodfellow	(Resigned 17th December 2003)

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.

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 or their families to acquire benefits through the acquisition of shares, or debentures of the Company, or any body corporate within the Group.

At 31st December 2003 none of the Directors have beneficial interests in the shares of any Group company, other than GlaxoSmithKline plc.

The following interests of the Directors in office at the year end in the shares of the ultimate parent undertaking, GlaxoSmithKline plc have been notified to the Company.

Affymax Technologies N.V.

Annual Report for the Year Ended 31st December 2003

Directors' Interests

Name	Shares		ADS's	
	At 31.12.03	* At 31.12.02	At 31.12.03	* At 31.12.02
Mr P.F.Blackburn	19,536	18,603	2,153	2,153
Mr E.B.Cale III	-	-	730	516
Mr R.Emerson	68,305	68,305	-	-

* or date of appointment if later.

Share Options	* At 31.12.02	Granted	Exercised	Lapsed	At 31.12.03
Options on Ordinary Shares of 25p each					

Mr P.F.Blackburn	282,578	-	-	-	282,578
Mr R.Emerson	445,359	-	-	-	445,359

Options on ADS Shares

Mr E.B.Cale III	35,655	9,000	-	-	44,655
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* or date of appointment if later.

Long-Term Incentive Plan	* At 31.12.02	Shares exercised	Shares not vesting	At 31.12.03
Options on Ordinary Shares of 25p each				

Mr R.Emerson	-	-	-	-
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* or date of appointment if later.

Performance Share Plan	* At 31.12.02	Granted	Vested	Lapsed	At 31.12.03
Options on Ordinary Shares of 25p each					

Mr P.F.Blackburn	20,000	-	-	-	20,000
Mr R.Emerson	28,000	-	-	-	28,000

Options on ADS Shares

Mr E.B.Cale III	625	500	-	-	1,125
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* or date of appointment if later.

Affymax Technologies N.V.

Annual Report for the Year Ended 31st December 2003

	Vested and deferred participations at 31.12.02*	Participations vested in 2003	Participations exercised in 2003	Dividends reinvested [and exercised] in 2003	Vested and deferred participation at 31.12.03	Unvested participations at 31.12.02*	Participations vested in 2003	Unvested participations at 31.12.03
Mid-Term Incentive Plan Options on Ordinary Shares of 25p each								

Mr P.F.Blackburn	-	-	-	-	-	-	-	-
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* or date of appointment if later.

The details of the above-mentioned schemes are disclosed in the Report and Accounts of GlaxoSmithKline plc.

Statement of directors' responsibilities

Company law requires the Directors 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.

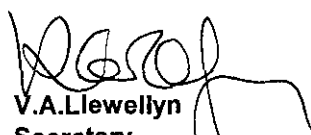
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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

PricewaterhouseCoopers LLP are willing to continue in office as auditors and resolutions dealing with their re-appointment and remuneration will be proposed at the Company's Annual General Meeting.

By order of the Board


V.A. Llewellyn
Secretary
 25th March 2004

Affymax Technologies N.V.

Independent auditors' report to the members of Affymax Technologies N.V.

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, applicable to overseas companies. 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.

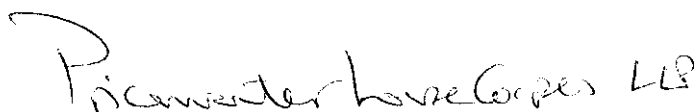
Basis of audit opinion

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to overseas companies.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

15 March 2004

Affymax Technologies N.V.**Profit and Loss Account
For the Year Ended 31st December 2003**

		2003	2002
	Notes	\$'000	\$'000
Operating expenses	2	(94)	(264)
Operating loss		(94)	(264)
Profit on sale of fixed assets	3	6,122	-
Profit/(loss) before interest		6,028	(264)
Net interest receivable	4	833	163
Profit/(loss) on ordinary activities before taxation		6,861	(101)
Taxation	5	(259)	(1,041)
Profit/(loss) on ordinary activities after taxation		6,602	(1,142)
Dividends		-	-
Retained profit/(loss)	11	6,602	(1,142)

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 7 to 12 form part of these financial statements.

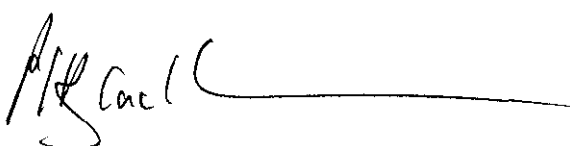
Affymax Technologies N.V.

Balance Sheet

As at 31st December 2003

		2003	2002
	Notes	\$'000	\$'000
Investments	6	-	1,433
Fixed Assets		-	1,433
Debtors	7	74,795	68,334
Cash at bank		32	36
Current assets		74,827	68,370
Creditors: amounts due within one year	8	(27,416)	(28,994)
Net current assets		47,411	39,376
Total assets less current liabilities		47,411	40,809
Net assets		47,411	40,809
Capital and reserves			
Called up share capital	10	10,313	10,313
Share premium account	11	123,135	123,135
Profit and loss account	11	(86,037)	(92,639)
Equity shareholders' funds	12	47,411	40,809

The accounts on pages 5 to 12 were approved by the Board of Directors on 25th March 2004 and were signed on its behalf by:



P F Blackburn
Director

The notes on pages 7 to 12 form part of these financial statements.

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

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 using the historical cost convention, and have been drawn up in accordance with UK generally accepted accounting principles and with UK accounting presentation.

(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.

2 Operating expenses

	2003 \$'000	2002 \$'000
Exchange losses/(gains) on foreign currency transactions	9	187
Administration expenses	85	77
	94	264

The following items have been charged in administration expenses

Audit fees		
Auditors' UK firm	9	8
Fees to auditors for other work:		
Auditors' UK firm	-	-

3 Profit on sale of fixed assets

During the year, the Company sold all its shareholding in Affymetrix Inc. The shares were sold for US\$7,555,000 resulting in a profit of US\$6,122,000 (2002: nil). There was no tax attributable to this gain.

4 Net interest receivable

	2003 \$'000	2002 \$'000
Investment income		
On loans with group undertakings	821	1,135
Interest payable		
On bank loans and overdrafts	-	(6)
On settlement of United States tax liabilities	12	(966)
	12	(972)
	833	163

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

5 Taxation

	2003 \$'000	2002 \$'000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2002: 30%)	222	251
Under/(over) provision in previous years	9	-
	231	251
Deferred taxation charge/(credit)		
On results for the period	-	9
Prior year items	28	(37)
	28	(28)
US Taxation		
Prior year items	-	818
	259	1,041

	2003 \$'000	2002 \$'000
Reconciliation of the current taxation charge		
Profit/(loss) on ordinary activities at the UK statutory rate 30%	2,058	(30)
Income not taxable	(1,836)	-
Other permanent difference	-	290
Prior year adjustments to current tax	9	-
Capital allowances in excess of depreciation	-	(9)
Overseas taxation	-	818
Current tax charge for the period	231	1,069

No provision is required for deferred taxation.

6 Investments held as fixed assets

	Other investments \$'000	Total \$'000
At 1st January 2003	1,433	1,433
Disposals	(1,433)	(1,433)
At 31st December 2003	-	-

Details of the principal subsidiary undertakings, participating interests and joint ventures of the Company as at 31st December 2003 are given in Note 20.

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

7 Debtors

	2003 \$'000	2002 \$'000
Amounts due within one year		
Amounts owed by group undertakings	74,795	68,306
	74,795	68,306
Amount due after one year		
Deferred taxation	-	28
	74,795	68,334

The amounts owed by group undertakings accrue interest at a LIBID interest rate.

8 Creditors

	2003 \$'000	2002 \$'000
Amounts due within one year		
Amounts owed to group undertakings	20,309	21,838
Taxation	4,040	4,069
Accruals and deferred income	3,067	3,087
	27,416	28,994

9 Deferred taxation asset/(liability)

	2003 \$'000	2002 \$'000
Short term timing differences	-	28
	-	28

Other timing differences are current.

	Deferred taxation \$'000	Total \$'000
At 1st January 2003	28	28
Credit to profit & loss	(28)	(28)
At 31st December 2003	-	-

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

10 Called up share capital - equity interests

	2003 Number of shares	2002 Number of shares	2003 \$'000	2002 \$'000
Authorised				
Common Shares of US\$1 each	24,000,000	24,000,000	24,000	24,000
Non cumulative preferred shares of US\$1 each	1,000,000	1,000,000	1,000	1,000
Issued and fully paid				
Common Shares of US\$1 each	10,000,000	10,000,000	10,000	10,000
Non cumulative preferred shares of US\$1 each	312,500	312,500	313	313

Each common share entitles its holder to cast one vote at general meetings. Preferred shareholders are not entitled to vote. Dividends are payable at the option of the shareholders in general meeting. Dividends shall be paid in the first instance to the holders of preferred shares, equal to 5 per cent of the nominal value of the preferred shares held by them. Such dividends are non-cumulative. In the event of a dissolution of the Company, any balance remaining after all debts have been settled shall be distributed to the holders of the preferred shares up to an amount equal to the nominal value of each preferred share. If there is a balance remaining, such balance shall be distributed to the holders of the common shares in proportion to their shareholdings.

11 Reserves - equity interests

	Profit & Loss account \$'000	Share Premium \$'000	Total Reserves \$'000
At 1st January 2003	(92,639)	123,135	30,496
Retained profit for the financial year	6,602	-	6,602
At 31st December 2003	(86,037)	123,135	37,098

12 Reconciliation of movements in shareholders' funds

	2003 \$'000	2002 \$'000
Profit for the financial year	6,602	(1,142)
Net addition to shareholders' funds	6,602	(1,142)
Opening shareholders' funds	40,809	41,951
Closing shareholders' funds – equity interests	47,411	40,809

13 Commitments

There are no capital commitments, which have been contracted for but not provided at 31st December 2003 (2002: nil).

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

14 Employees

The Company had no employees or related staff costs during the year (2002: nil). The Company was charged a total of US\$68,784 (2002: US\$59,591) for administration services provided by two other GlaxoSmithKline companies, GlaxoSmithKline Services Unlimited and GlaxoSmithKline Research & Development Limited.

15 Directors' Remuneration

During the year ended 31st December 2003, no Directors exercised share options (2002 - 2 Directors).

1 Director was awarded shares under the Performance Share Plan, no Directors received shares under the Mid-Term Incentive plan and no Directors received shares under the Long-Term Incentive Plan.

During the year the Directors of the Company were remunerated as executives of the GlaxoSmithKline group. They received no remuneration in respect of their services to the Company (2002 - US\$nil).

16 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 Financial Reporting Standard 1 (Revised 1996) not to prepare a cash flow statement.

17 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 s.228 of the Companies Act 1985.

18 Ultimate parent undertaking

GlaxoSmithKline plc, 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 accounts can be obtained from The Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is Affymax N.V., which is incorporated in the Netherlands.

19 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.

Affymax Technologies N.V.

Notes to the Financial Statements for the Year Ended 31st December 2003

20 Principal Subsidiaries and Associated Undertakings

The principal subsidiaries and associated undertakings of the Company as at 31st December 2003 are as follows:

Company	Country of Incorporation	Class of shares held	Percentage shares held	Carrying value US\$'000
Nuada Pharmaceuticals Inc. (formerly Chemcodes Inc.)	USA	Common	0.2	-
Affymax Inc.	USA	Preferred	3	-
				-

The preferred shares in Affymax Inc. have no voting rights.

Other GlaxoSmithKline companies also hold shares in Nuada Pharmaceuticals Inc. and Affymax Inc. giving the Group an aggregate holding of 5% and 16% respectively at 31st December 2003.