

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

**Annual Report and Financial Statements**

**For the year ended 31st December 2006**

**Registered office address:**

980 Great West Road  
Brentford  
Middlesex  
TW8 9GS



**Saxet (U.K.) Limited**

**Annual Report and Financial Statements**

**For the year ended 31st December 2006**

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## **Saxet (U K.) Limited**

### **Directors' Report for the year ended 31st December 2006**

The Directors submit their report and the audited financial statements for the year ended 31st December 2006

#### **Principal activities**

The principal activity of the company and its subsidiary undertakings is the supply of 'over the counter' consumer healthcare products to Eastern Europe, Middle East and Africa. The Directors do not envisage any change to the nature of the business in the foreseeable future.

#### **Review of business**

The Company made a profit on ordinary activities after taxation of £2,603,000 (2005 - loss of £1,426,000). 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 £2,603,000 will be transferred to reserves (2005 - loss for the year of £1,426,000 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 2006 (2005 - £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

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 GlaxoSmithKline Group (the Group).

At 31st December 2006 none of the Directors had beneficial interests in the shares of any other Group company, except where such a beneficial interest may arise in the ordinary course of business.

#### **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 2006**

#### **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

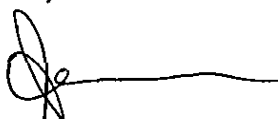
As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware 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**

Elective resolutions to dispense with holding Annual General Meetings, the laying of accounts before the Company in general meetings and the appointment of Auditors annually are currently in force. The Auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this Report and Accounts are sent to members unless a resolution is passed under Section 393 of the Companies Act to the effect that their reappointment be brought to an end

By order of the Board



**F. Williamson**

**For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary**  
2nd March 2007

## **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 2006 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 2006 and of its profit 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  
London  
2nd March 2007

## Saxet (U.K.) Limited

### Profit and Loss Account For the year ended 31st December 2006

	<i>Notes</i>	<b>2006 £000</b>	<b>2005 £000</b>
<b>Turnover</b>	<b>2</b>	<b>51,782</b>	<b>45,980</b>
Cost of sales		<b>(39,502)</b>	<b>(40,286)</b>
Gross profit		<b>12,280</b>	<b>5,694</b>
Distribution costs		<b>(4,203)</b>	<b>(3,511)</b>
Administrative expenses		<b>(3,601)</b>	<b>(3,525)</b>
Operating profit/(loss)	<b>3</b>	<b>4,476</b>	<b>(1,342)</b>
Net interest payable	<b>4</b>	<b>(758)</b>	<b>(695)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>3,718</b>	<b>(2,037)</b>
Taxation	<b>5</b>	<b>(1,115)</b>	<b>611</b>
<b>Retained profit/(loss) for the financial year</b>	<b>11</b>	<b>2,603</b>	<b>(1,426)</b>

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

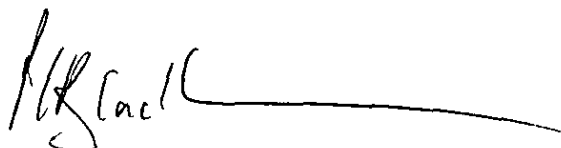
The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account

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

**Saxet (U.K.) Limited****Balance Sheet****As at 31st December 2006**

	<i>Notes</i>	<b>2006 £000</b>	<b>2005 £000</b>
<b>Investments</b>	<b>6</b>	<b>5,605</b>	<b>5,605</b>
Stock	7	2,002	1,714
Debtors	8	16,133	21,209
<b>Current assets</b>		<b>18,135</b>	<b>22,923</b>
<b>Creditors, amounts due within one year</b>	<b>9</b>	<b>(21,296)</b>	<b>(28,687)</b>
<b>Net current liabilities</b>		<b>(3,161)</b>	<b>(5,764)</b>
<b>Net assets/(liabilities)</b>		<b>2,444</b>	<b>(159)</b>
<b>Capital and reserves</b>			
Called up share capital	10	51	51
Profit and loss account	11	2,393	(210)
<b>Equity shareholders' funds</b>	<b>12</b>	<b>2,444</b>	<b>(159)</b>

The accounts on pages 4 to 9 were approved by the Board of Directors on 2nd March 2007 and were signed on its behalf by:



P Blackburn

**For and on behalf of Glaxo Group Limited – 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 2006

#### 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 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 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

##### (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) 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

##### (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 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 Segmental information

Analysis of turnover by business sector is

	2006 £000	2005 £000
Consumer Healthcare	51,782	45,980

Analysis of external turnover by location of customer is

	2006 £000	2005 £000
Europe	23,866	18,284
Rest of the world	27,916	27,696
	51,782	45,980

#### 3 Operating profit

	2006 £000	2005 £000
The following items have been charged in operating profit		
Management fee	8	6

Auditors' remuneration of £4,405 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 31st December 2006

### 4 Net interest payable

	2006 £000	2005 £000
<b>Interest payable</b>		
On loans with group undertakings	(758)	(695)

### 5 Taxation

	2006 £000	2005 £000
<b>Taxation charge based on profits for the period</b>		
UK corporation tax at 30% (2005 30%)	1,115	(611)

There are no items required to reconcile the profit before taxation at the statutory rate of 30% to the current taxation charge

No provision is required for deferred taxation

### 6 Fixed asset investments

	Subsidiary undertakings Shares at cost £000	Total £000
Cost at 1st January 2006	5,605	5,605
Cost at 31st December 2006	5,605	5,605

Details of the principal subsidiary undertakings, participating interests and joint ventures of the Company as at 31st December 2006 are given in Note 19

### 7 Stocks

	2006 £000	2005 £000
Finished goods	2,002	1,714

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

### 8 Debtors

	2006 £000	2005 £000
<b>Amounts due within one year</b>		
Trade debtors	13,175	16,097
Amounts owed by group undertakings	2,958	4,211
Other debtors	-	127
Taxation	-	774
	<b>16,133</b>	<b>21,209</b>

# Saxet (U K ) Limited

## Notes to the Financial Statements for the year ended 31st December 2006

### 9 Creditors

	2006 £000	2005 £000
Amounts due within one year		
Trade creditors	988	1,285
Amounts owed to group undertakings	18,942	26,528
Taxation	952	-
Other creditors	414	874
	<b>21,296</b>	<b>28,687</b>

### 10 Called up share capital - equity interests

	2006 Number of shares	2005 Number of shares	2006 £000	2005 £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

### 11 Reserves - equity interests

	Profit & Loss account £000	Total Reserves £000
At 1st January 2006	(210)	(210)
Retained profit for the financial year	2,603	2,603
At 31st December 2006	<b>2,393</b>	<b>2,393</b>

### 12 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Retained profit / (loss) for the financial year	2,603	(1,426)
Net addition to / (reduction in) shareholders' funds	2,603	(1,426)
Opening shareholders' funds	(159)	1,267
Closing shareholders' funds - equity interests	<b>2,444</b>	<b>(159)</b>

### 13 Employees

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

### 14 Directors' remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2005 - £nil)

### 15 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

## Saxet (U K ) Limited

### Notes to the Financial Statements for the year ended 31st December 2006

#### 16 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

#### 17 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.

#### 18 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.

#### 19 Principal subsidiaries and associated undertakings

The principal subsidiaries of the Company as at 31st December 2006 are as follows:

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

\* Held directly by Saxet (U K ) Limited