

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

Annual Report and Financial Statements

For the year ended 31st December 2007

Registered office address

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Brentford
Middlesex
TW8 9GS

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Saxet (U.K.) Limited

Annual Report and Financial Statements

For the year ended 31st December 2007

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Saxet (U K) Limited

Directors' Report for the year ended 31st December 2007

The Directors submit their report and the audited financial statements for the year ended 31st December 2007

Principal activities

The principal activity of the company and its subsidiary undertakings is the supply of 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 £6,561,000 (2006 - profit of £2,603,000). 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 £6,561,000 will be transferred to reserves (2006 - profit for the year of £2,603,000 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 on pages 50 to 53 of the Group's 2007 Annual Report which does not form part of this report.

Key performance indicators (KPIs)

The directors of the 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 on pages 11 to 58 of the Group's 2007 Annual Report 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 2007 (2006 - £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.

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.

Payment policy

The Company operates procedures to ensure that suppliers are paid on time. In particular, the Company seeks

- to settle terms of payment with suppliers when agreeing the terms of the transaction,
- to ensure that suppliers are made aware of the agreed terms of payment, and
- to abide by the terms of payment.

The procedures include arrangements for accelerated payment of small suppliers.

Saxet (U K) Limited

Directors' Report for the year ended 31st December 2007

Payment performance

Trade creditors at 31st December 2007 represented 20 days of annual purchases for the Company, (2006 - 19 days)

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

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

By order of the Board



P Williamson

For and on behalf of Edinburgh Pharmaceutical Industries Limited - Company Secretary

18th April 2008

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 2007 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

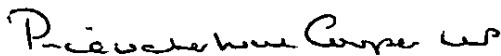
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 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
Chartered Accountants and Registered Auditors
London
24th April 2008

Saxet (U.K.) Limited**Profit and Loss Account****For the year ended 31st December 2007**

	<i>Notes</i>	2007 £000	2006 £000
Turnover	2	64,032	51,782
Cost of sales		(46,240)	(39,502)
Gross profit		17,792	12,280
Distribution costs		(4,621)	(4,203)
Administrative expenses		(3,512)	(3,601)
Operating profit	3	9,659	4,476
Net interest payable	4	(995)	(758)
Profit on ordinary activities before taxation		8,664	3,718
Taxation	5	(2,103)	(1,115)
Retained profit	11	6,561	2,603

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

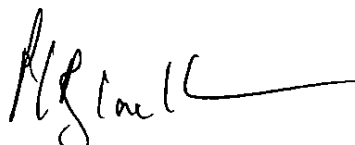
Saxet (U.K.) Limited

Balance Sheet

As at 31st December 2007

	<i>Notes</i>	2007 £000	2006 £000
Investments	6	5,605	5,605
Fixed assets		5,605	5,605
Stock	7	3,367	2,002
Debtors	8	22,503	16,133
Current assets		25,870	18,135
Creditors: amounts due within one year	9	(22,470)	(21,296)
Net current assets / (liabilities)		3,400	(3,161)
Net assets		9,005	2,444
Capital and reserves			
Called up share capital	10	51	51
Profit and loss account	11	8,954	2,393
Equity shareholders' funds	12	9,005	2,444

The accounts on pages 4 to 9 were approved by the Board of Directors on 18th April 2008 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 2007

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, 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 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. 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) 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 Segmental information

Analysis of turnover by business sector

	2007 £000	2006 £000
Consumer Healthcare	64,032	51,782

Analysis of turnover by location of customer

	2007 £000	2006 £000
Europe	33,254	23,866
Rest of the world	30,778	27,916
	64,032	51,782

Saxet (U K) Limited

Notes to the Financial Statements for the year ended 31st December 2007

3 Operating profit

	2007 £000	2006 £000
The following items have been charged in operating profit		
Management fee	8	8

Auditors' remuneration of £4,581 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

4 Net interest payable

	2007 £000	2006 £000
Interest payable		
On loans with group undertakings	(995)	(758)

5 Taxation

	2007 £000	2006 £000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2006 30%)	2,599	1,115
Over provision in previous years	(496)	-
	2,103	1,115

	2007 £000	2006 £000
Reconciliation of the taxation charge		
Profit on ordinary activities at the UK Statutory rate 30%	2,599	1,115
Prior year adjustment to current tax	(496)	-
Current tax charge for the period	2,103	1,115

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

The rate of UK corporation tax will be reduced from 30% to 28% with effect from 1st April 2008

No provision is required for deferred taxation

6 Fixed asset investments

	Subsidiary undertakings Shares at cost £000	Total £000
Cost at 1st January 2007	5,605	5,605
Cost at 31st December 2007	5,605	5,605

Details of the principal subsidiary undertakings, participating interests and joint ventures of the Company as at 31st December 2007 are given in Note 19

7 Stocks

	2007 £000	2006 £000
Finished goods	3,367	2,002

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

Saxet (U K) Limited

Notes to the Financial Statements for the year ended 31st December 2007

8 Debtors

	2007 £000	2006 £000
Amounts due within one year		
Trade debtors	11,600	13,175
Amounts owed by group undertakings	10,903	2,958
	22,503	16,133

9 Creditors

	2007 £000	2006 £000
Amounts due within one year		
Trade creditors	1,121	988
Amounts owed to group undertakings	18,260	18,942
Taxation	1,939	952
Other creditors	1,150	414
	22,470	21,296

The taxation creditor contains amounts which will be paid to fellow group companies

10 Called up share capital - equity interests

	2007 Number of shares	2006 Number of shares	2007 £000	2006 £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 2007	2,393	2,393
Retained profit for the financial year	6,561	6,561
At 31st December 2007	8 954	8,954

12 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Profit for the financial year	6,561	2,603
Net addition to shareholders' funds	6,561	2,603
Opening shareholders' funds	2,444	(159)
Closing shareholders' funds – equity interests	9,005	2 444

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 (2006 - £nil)

Saxet (U K) Limited

Notes to the Financial Statements for the year ended 31st December 2007

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.

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 2007 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