

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)
(Registered Number 06876960)

Annual Report and Financial Statements

For the period from 14th April 2009 (date of incorporation) to 31st December 2009

Registered office address.
980 Great West Road
Brentford
Middlesex
TW8 9GS



ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)**Report and Financial Statements****For the period from 14th April 2009 (date of incorporation) to 31st December 2009**

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**ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)
(Registered Number 06876960)**

Directors' Report for the period from 14th April 2009 (date of incorporation) to 31st December 2009

The Directors submit their report and the audited financial statements for the period to 31st December 2009

Principal activities

The Company's principal activity during the period was to act as an investment holding company of the ViiV Healthcare group of companies (the "ViiV Healthcare Group") The Directors do not envisage any change to the nature of the business in the foreseeable future

Review of business

The Company is a private limited company and was incorporated on 14th April 2009 under the name GlaxoSmithKline NewCo Limited The Company changed its name to ViiV Healthcare Limited on 22nd October 2009

On 30th October 2009, the GlaxoSmithKline Group and Pfizer Group formed a joint venture, the ViiV Healthcare Group, of which ViiV Healthcare Limited is the parent company, with 69.5% of the issued share capital held by the GlaxoSmithKline Group and 30.5% of issued share capital held by the Pfizer Group In accordance with the terms of the joint venture, the GlaxoSmithKline Group was entitled to 85% of the economic benefit of the Company's issued share capital and the Pfizer Group was entitled to 15% of the economic benefit of the Company's issued share capital as at the period end

On the same day the Company acquired 100% of the share capital in ViiV Healthcare Trading Services UK Limited, ViiV Healthcare Overseas Limited, ViiV Healthcare UK Limited, ViiV Healthcare Company, ViiV Healthcare UK (No. 2) Limited, PHIVCO UK Limited and PHIVCO UK II Limited which, together with their subsidiaries form the ViiV Healthcare Group

The Company made a loss on ordinary activities after taxation during the period of £5,000

Results and dividends

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

Subsequent to the period end, the Directors proposed an ordinary dividend of £116.1 million in respect of the period ended 31st December 2009 being £14,205 per Class A Share, £5,724 per Class B Share and £5,583 per Class C Share based on the number of Class A, B and C shares as at 9th June 2010 No preferential dividend is proposed to the holders of Class A, B and C shares in respect of the period ended 31st December 2009 as the performance conditions required to declare a preferential dividend were not met

Post Balance Sheet Events

On 18th March 2010 the Company undertook a share capital reduction whereby the nominal value of the Company's Class A, B and C shares of £104,031 each was reduced to a nominal value of £1 each This resulted in the transfer of £1,040,300,000 to profit and loss account reserves, which is considered to be distributable On the same date the Company's one issued Subscriber Share of £1 each was cancelled

On 9th June 2010 the Company approved the redesignation of 66 of the Company's Class B Shares of £1 each as Class C Shares of £1 each

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)
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Directors' Report for the period from 14th April 2009 (date of incorporation) to 31st December 2009

Directors and their interests

The Directors of the Company who served during the period are as follows

C Heiman	Appointed on 30/10/09
J Heslop	Appointed on 14/04/09
Z Hong	Appointed on 30/10/09
A Hussain	Appointed on 30/10/09
D Learmouth	Appointed on 30/10/09
D Limet	Appointed on 30/10/09
M Mackay	Appointed on 30/10/09
I Mc Cubbin	Appointed on 30/10/09
E Strahman	Appointed on 30/10/09
S Bicknell	Appointed on 14/04/09 Resigned on 30/10/09

No Director had, during the period or at the end of the period, any material interest in any contract of significance to the Company's 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 his or her duties. In addition, each of the Directors who is an individual, with the exception of Mr Cornelius Heiman and Mr Martin Mackay, benefits from an indemnity given by a GlaxoSmithKline Group undertaking, GlaxoSmithKline Services Unlimited. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of his or her engagement in the business of the Company.

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 period. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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.

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)
(Registered Number 06876960)

Directors' Report for the period from 14th April 2009 (date of incorporation) to 31st December 2009

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

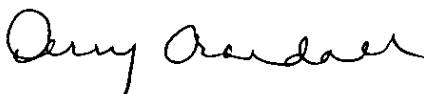
As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors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

Independent 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.

This report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006.

By order of the Board



T Crandall
Company Secretary
9th June 2010

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Independent Auditors' Report to the members of ViiV Healthcare Limited

We have audited the financial statements of ViiV Healthcare Limited for the period from 14th April 2009 (date of incorporation) to 31st December 2009, the "period", which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs at 31st December 2009 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

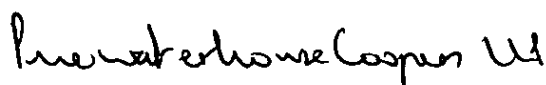
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

The Company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9th June 2010

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Profit and Loss Account

For the period from 14th April 2009 (date of incorporation) to 31st December 2009

	<i>Notes</i>	2009 £000
Operating expense		(7)
Operating loss	2	(7)
Loss on ordinary activities before taxation		(7)
Taxation	3	2
Loss on ordinary activities after taxation		(5)
Loss for the financial period		(5)

The results disclosed above relate entirely to continuing operations

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents

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

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Balance Sheet
As at 31st December 2009

	Notes	2009 £000
Fixed assets		
Investments	5	2,320,953
Current assets		
Debtors	6	84,417
Creditors amounts falling due within one year	7	(7)
Net current assets		84,410
Total assets less current liabilities		2,405,363
Creditors amounts falling due after one year	7	(1,828,058)
Net assets		577,305
Capital and reserves		
Called up share capital	8	1,040,310
Profit and loss account	9	(5)
Other reserves	9	(463,000)
Total shareholders' funds	10	577,305

No cash flows have occurred in the Company during the period

The accounts on pages 5 to 11 were approved by the Board of Directors on 9th June 2010 and were signed on its behalf by


J S Heslop
Director

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Notes to the Financial Statements for the period 14th April 2009 (date of incorporation) to 31st December 2009

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 2006 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, or at the forward rate if hedged by a forward exchange contract. Foreign currency monetary 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) Interest

Interest payable and similar charges are brought to account on an accruals basis.

(d) Dividends paid and received

Interim dividends paid and received are included in the profit and loss account in the period in which the related dividend is actually paid or received. Final dividends are recorded in the profit and loss account upon shareholder approval.

(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) Impairment of fixed assets

The carrying value of fixed assets are reviewed for impairment when there is an indication that the assets might be impaired. Any provision for impairment is charged against profit in the period concerned. Impairment is determined by reference to the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Any provision for impairment is charged to the profit and loss account.

(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.

(h) Financial instruments

Financial liabilities are measured at cost after the deduction of issue costs, discounted to reflect the timing of future payments. This includes the obligation to pay future preferential dividends.

2 Operating loss

	2009 £'000
The following items have been charged in operating loss:	
Auditors remuneration	(7)
	(7)

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Notes to the Financial Statements for the period 14th April 2009 (date of incorporation) to 31st December 2009

3 Taxation

	2009 £'000
Taxation credit based on losses for the period	
UK corporation tax at 28%	2
Total tax credit	2

There are no items required to reconcile the profit before taxation at the statutory rate of 28% to the current tax credit

No provision is required for deferred taxation

4 Dividends

Subsequent to the period end, the Directors proposed an ordinary dividend for the period being £14,205 per Class A Share, £5,724 per Class B Share and £5,583 per Class C Share based on the number of Class A, B and C shares as at 9th June 2010 (Note 8). The total dividend of £116.1 million will be recorded in the accounts when it is approved.

5 Fixed asset investments

	Subsidiary undertakings Shares at cost £'000	Total £'000
Cost and carrying value at 14th April 2009	-	-
Additions	2,320,953	2,320,953
Cost and carrying value at 31st December 2009	2,320,953	2,320,953

The Company acquired 100% of the share capital of the following ViiV Healthcare Group companies on the 30th October 2009: ViiV Healthcare UK (No. 2) Limited for £438 million, ViiV Healthcare Company for £245 million, PHIVCO UK Limited for £317 million, PHIVCO UK II Limited for £188 million, ViiV Healthcare Trading Services UK Limited for £13 million, ViiV Healthcare UK Limited for £1,052 million and ViiV Healthcare Overseas Limited for £68 million.

Details of the principal subsidiary undertakings of the Company as at 31st December 2009 is given in Note 17.

6 Debtors

	2009 £'000
Amounts due within one year	
Amounts owed by GlaxoSmithKline Group undertakings	67,110
Amounts owed by Pfizer Group undertakings	17,305
Taxation	2
	84,417

The Taxation debtor is receivable from fellow ViiV Healthcare Group undertakings.

ViV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Notes to the Financial Statements for the period 14th April 2009 (date of incorporation) to 31st December 2009

7 Creditors

	2009 £'000
Amounts falling due within one year	
Other creditors	7
	7
Amounts due after one year	
Amounts owed to ViV Healthcare Group undertakings	1,365,058
Other creditors	463,000
	1,828,058
	1,828,065

Other creditors represents the fair value of all future preferential dividends (Note 8)

8 Called up share capital - equity interests

	2009 Number of shares	2009 £'000
Issued and fully paid		
Class A Shares of £104,031 each	6,950	723,015
Class B Shares of £104,031 each	2,857	297,217
Class C Shares of £104,031 each	193	20,078
		1,040,310

On 30th October 2009 the Company allotted the following shares 6,950 Class A Shares with a nominal value of £723 million, 2,788 Class B Shares with nominal value of £290 million and 262 Class C Shares with a nominal value of £27 million On the same date the Company's one issued Ordinary Share of £1 each was redesignated as a Subscriber Share of £1 each

On 18th December 2009 the Company approved the redesignation of 69 of the Company's Class C Shares of £104,031 each as Class B Shares of £104,031 each

On 18th March 2010 the Company undertook a share capital reduction whereby the nominal value of the Company's Class A, B and C Shares of £104,031 each was reduced to a nominal value of £1 each This resulted in the transfer of £1,040,300,000 to profit and loss account reserves, which is considered to be distributable On the same date the Company's one issued Subscriber Share of £1 each was cancelled

On 9th June 2010 the Company approved the redesignation of 66 of the Company's Class B Shares of £1 each as Class C Shares of £1 each

Holders of Class A, B and C Shares are entitled to both preferential dividends and discretionary ordinary dividends Preferential dividends are based on the performance of certain assets and are payable in full prior to any ordinary dividend Any amounts that cannot be paid due to insufficient distributable reserves will be carried forward to future years and will be paid in preference to any subsequently declared dividend

9 Reserves - equity interests

	Profit and loss account £'000	Other reserves £'000	Total reserves £'000
Loss for the period to 31st December 2009	(5)	-	(5)
Preferential dividend payable	-	(463,000)	(463,000)
At 31st December 2009	(5)	(463,000)	(463,005)

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Notes to the Financial Statements for the period 14th April 2009 (date of incorporation) to 31st December 2009

10 Reconciliation of movements in shareholders' funds

	2009 £'000
Loss for the period to 31st December 2009	(5)
Net deduction from shareholders' funds	(5)
Issue of share capital	1,040,310
Preferential dividend payable	(463,000)
Closing shareholders' funds – equity interests	577,305

11 Employees

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

12 Directors' remuneration

The Directors of the Company, with the exception of Mr C Heiman, Mr M Mackay and Dr D Limet, received no remuneration in respect of their services to the Company but were remunerated by the GlaxoSmithKline Group during the year as executives of that Group. Mr C Heiman and Mr M Mackay received no remuneration in respect of their services to the Company but were remunerated by the Pfizer Group during the year as executives of that Group. Dr D Limet was remunerated by the GlaxoSmithKline Group in respect of his services to the Company.

	2009 £'000
Total Directors' remuneration	136

Retirement benefits accrued under defined benefit schemes for one Director

No Director exercised share options during the year

13 Cash flow statement

	2009 £'000
Operating loss	(7)
Increase in creditors	7
Total net cash outflow from operating activities	-

No cash flows have occurred through the Company during the period. The net of all transactions with the GlaxoSmithKline and Pfizer Groups remain in debtors or creditors at the year end.

14 Group financial statements

The Company is a 69.5% owned subsidiary of the GlaxoSmithKline Group and as such has taken advantage of the exemption from preparing group financial statements under Section 400 of the Companies Act 2006.

ViiV Healthcare Limited (formerly GlaxoSmithKline NewCo Limited)

Notes to the Financial Statements for the period 14th April 2009 (date of incorporation) to 31st December 2009

15 Ultimate parent undertaking

GlaxoSmithKline plc, a company registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. 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 GlaxoSmithKline Mercury Ltd.

16 Related party transactions

No related party transactions have occurred during the period. Balances with related parties, namely the GlaxoSmithKline Group and Pfizer Group, that arose during the formation of the ViiV Healthcare Group are identified in the appropriate note disclosures. The aggregate compensation of the Directors is given in Note 12, 'Directors' remuneration'.

17 Principal subsidiaries

The principal subsidiaries of the Company as at 31st December 2009 are as follows:

Company	Percentage shares held	Class of shares held	Country of Incorporation
ViiV Healthcare UK Limited	100%	Ordinary	England
ViiV Healthcare Overseas Limited	100%	Ordinary	England
ViiV Healthcare Trading Services UK Limited	100%	Ordinary	England
PHIVCO UK Limited	100%	Ordinary	England
PHIVCO UK II Limited	100%	Ordinary	England
ViiV Healthcare UK (No. 2) Limited	100%	Ordinary	Jersey
ViiV Healthcare Company	100%	Common	USA