

ViiV Healthcare Overseas Limited
(Registered number: 7027385)

Directors' report and financial statements
for the year ended 31 December 2012



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ViiV Healthcare Overseas Limited

Directors' report and financial statements

for the year ended 31 December 2012

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ViiV Healthcare Overseas Limited
(Registered number: 7027385)

Directors' report for the year ended 31 December 2012

The Directors submit their report and the audited financial statements for the year ended 31 December 2012

Principal activities

ViiV Healthcare Overseas Limited's (the "Company") principal activity during the financial year was to act as an investment holding company for the ViiV Healthcare Limited and its subsidiaries (the "Group") 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 for the financial year of £13,249,000 (2011 profit of £9,718,000) 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 profit for the year of £13,249,000 will be transferred to reserves (2011 profit for the year of £9,718,000 transferred to reserves)

Principal risks and uncertainties

The Directors of ViiV Healthcare Limited manage the risks of 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 in the Group's 2012 Annual Report which does not form part of this report

Key performance indicators (KPIs)

The Directors of the Group 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 in the Group's 2012 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 31 December 2012 (2011 £nil)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows

D Limet
S Williams

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

Directors' indemnity

Each of the Directors who are employees of the Group benefits from an indemnity given by a ViiV Healthcare Group undertaking, ViiV Healthcare Limited This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of his engagement in the business of the Company

ViiV Healthcare Overseas Limited
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Directors' report for the year ended 31 December 2012

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

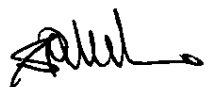
Disclosure of information to auditors

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 have been appointed to act as the Company's auditors in accordance with a resolution of the Board of Directors. A resolution dealing with their re-appointment and remuneration will be proposed at a General Meeting of the Company.

By order of the Board



S Williams
Director
31 July 2013

ViiV Healthcare Overseas Limited

Independent auditors' report to the members of ViiV Healthcare Overseas Limited

We have audited the financial statements of ViiV Healthcare Overseas Limited for the year ended 31 December 2012 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2012 and of its profit for the year 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.

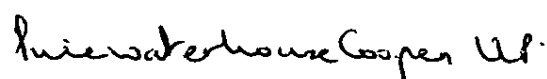
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year 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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2013

ViiV Healthcare Overseas Limited

**Profit and loss account
for the year ended 31 December 2012**

	Notes	2012 £'000	2011 £'000
Operating expense		(5)	(821)
Operating loss	2	(5)	(821)
Income from shares in Group undertakings	3	13,494	10,550
Profit before interest and taxation		13,489	9,729
Interest receivable and similar income	4	14	10
Profit on ordinary activities before taxation		13,503	9,739
Tax on profit on ordinary activities	5	(254)	(21)
Profit for the financial year	10	13,249	9,718

The results disclosed above for both the current year and prior year relate entirely to continuing operations

There is no difference in either the current year or prior year between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

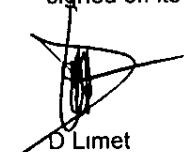
The Company has no recognised gains or losses during either the current year or the prior year other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented

ViiV Healthcare Overseas Limited

**Balance sheet
as at 31 December 2012**

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	6	70,420	71,492
Current assets			
Debtors	7	13,657	685
Creditors amounts falling due within one year	8	(179)	(163)
Net current assets		13,478	522
Total assets less current liabilities		83,898	72,014
Creditors amounts falling due after more than one year	8	-	(1,365)
Net assets		83,898	70,649
Capital and reserves			
Called up share capital	9	60,850	60,850
Profit and loss account	10	23,048	9,799
Total shareholders' funds	11	83,898	70,649

The financial statements on pages 4 to 10 were approved by the Board of Directors on 31 July 2013 and were signed on its behalf by


D Limet
Director

ViiV Healthcare Overseas Limited

Notes to the financial statements for the year ended 31 December 2012

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. Foreign currency monetary assets and liabilities are translated into local currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in operating profit/(loss)

(c) Interest

Interest income and expenditure and similar charges are brought to account on an accrual basis

(d) Dividends paid and received

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

(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 asset investments

The carrying values of fixed asset investments 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 year 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 substantively enacted at the balance sheet date

2 Operating loss

	2012	2011
	£'000	£'000
The following items have been charged in operating loss		
Exchange losses on foreign currency transactions	-	815
Audit fees		
Auditors' UK firm	5	6

The exchange losses on foreign currency transactions in 2011 arose on the settlement of amounts owed to an undertaking within the GlaxoSmithKline Group of Companies

ViiV Healthcare Overseas Limited

Notes to the financial statements for the year ended 31 December 2012

3 Income from shares in Group undertakings

	2012 £'000	2011 £'000
Dividends	13,494	10,550

Dividends received from ViiV Healthcare SAS on 5 July 2012 of £2,796,104, Laboratorios ViiV Healthcare S L on 5 July 2012 of £1,135,827, ViiV Healthcare Kabushiki Kaisha on 26 April 2012 of £3,205,569, ViiV Healthcare S R L on 18 May 2012 of £1,328,751 and ViiV Healthcare ULC on 28 November 2012 of £5,027,153

4 Interest receivable and similar income

	2012 £'000	2011 £'000
On loans with the Group undertakings	14	10

5 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Tax charge based on profits for the financial year		
Current tax		
UK corporation tax at 24.5% (2011: 26.5%)	254	21
Tax on profit on ordinary activities	254	21

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011: 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Reconciliation of current tax charge		
Profit on ordinary activities at the UK statutory rate 24.5% (2011: 26.5%)	3,308	2,581
Effects of:		
Income not taxable	(3,306)	(2,809)
Withholding tax not recoverable	252	249
Current tax charge for the period	254	21

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 24.5% and will be taxed at 24% in the future.

No provision is required for deferred taxation (2011: £nil).

ViiV Healthcare Overseas Limited

Notes to the financial statements for the year ended 31 December 2012

6 Fixed asset investments

	Subsidiary undertakings Shares at cost £'000
Cost and carrying value at 1 January 2012	71,492
Disposals	(1,072)
Cost and carrying value at 1 January 2012 and 31 December 2012	70,420

The Directors believe that the carrying value of the investments is supported by their underlying net assets

The disposal of £1,072,336 relates to a capital reduction and the associated return of funds from the subsidiary ViiV Healthcare S De R L De C V

Details of the principal subsidiary undertakings of the Company as at 31 December 2012 is given in Note 18

7 Debtors

	2012 £'000	2011 £'000
Amounts due within one year		
Amounts owed by Group undertakings	13,313	338
Corporation tax	344	347
	13,657	685

The corporation tax debtor contains amounts which will be received from fellow ViiV Healthcare Group companies

8 Creditors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	179	156
Accruals	-	7
	179	163
Amounts falling due after more than one year		
Amounts owed to Group undertakings	-	1,365
	179	1,528

Amounts owed to Group undertakings are unsecured and are repayable on demand

9 Called up share capital

	2012 Number of shares	2011 Number of shares	2012 £'000	2011 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2011 £1 each)	60,850,001	60,850,001	60,850	60,850

ViiV Healthcare Overseas Limited

Notes to the financial statements for the year ended 31 December 2012

10 Reserves

	Profit and loss account £'000
At 1 January 2012	9,799
Profit for the financial year	13,249
At 31 December 2012	23,048

11 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	13,249	9,718
Opening shareholders' funds	70,649	60,931
Closing shareholders' funds	83,898	70,649

12 Employees

The Company has no employees as all personnel are employed by other Group companies (2011 nil)

13 Directors' remuneration

During the year the Directors of the Company were remunerated as executives of the Group. They received no remuneration in respect of their services to the Company (2011 £nil)

14 Cash flow statement

A cash flow statement has been included in the consolidated financial statements of ViiV Healthcare Limited, the parent Company of the Group, which are publicly available. As a wholly owned subsidiary of ViiV Healthcare Limited, advantage has been taken of the exemption afforded by FRS 1 'Cash flow statements' (revised 1996) not to prepare a cash flow statement.

15 Group financial statements

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

16 Ultimate parent and controlling party

GlaxoSmithKline plc, a company registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The 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 ViiV Healthcare Limited. The largest 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 GlaxoSmithKline plc 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 ViiV Healthcare Limited.

ViV Healthcare Overseas Limited

Notes to the financial statements for the year ended 31 December 2012

17 Related party transactions

ViV Healthcare Overseas Limited is a wholly owned subsidiary of ViV Healthcare Limited and advantage has been taken of the exemption afforded by FRS 8 'Related party disclosures' not to disclose any related party transactions within the Group. With the exception of the transactions described in Note 6 with subsidiaries of GlaxoSmithKline plc (76.5% owner of immediate parent company ViV Healthcare Limited), there were no other related party transactions.

18 Principal subsidiary and associated undertakings

The principal subsidiary and associated undertakings of the Company as at 31 December 2012 are as follows:

Company	Percentage shares held	Class of shares held	Country of Incorporation
ViV Healthcare GmbH	100%	Ordinary	Germany
ViV Healthcare S R L	100%	Euros Quota	Italy
ViV Healthcare sprl	99%	Ordinary	Belgium
ViV Healthcare B V	100%	Ordinary	Netherlands
ViV Healthcare GmbH	100%	Ordinary Shares	Switzerland
ViV HIV Healthcare Unipessoal Limitada	100%	Quota	Portugal
ViV Healthcare ULC	100%	Common Shares	Canada
ViV Healthcare Puerto Rico, LLC	100%	LLC Interests	Puerto Rico
ViV Healthcare Kabushiki Kaisha	100%	Ordinary Social Part	Japan
		\$170,000,000	
ViV Healthcare S De R L De C V	100%	Mexican Peso	Mexico
ViV Healthcare Pty Ltd	100%	Ordinary	Australia
Laboratorios ViV Healthcare, S L	100%	Ordinary Euro	Spain
ViV Healthcare SAS	100%	Ordinary Euro Participation	France
ViV Healthcare Trading LLC	100%	Interest	Russian Federation
ViV Healthcare (South Africa) (Proprietary) Limited	100%	Ordinary	South Africa

All of the subsidiaries are held directly by the Company.