

Glaxo Investments (UK) Limited
Company registered in Bermuda: No EC14587
Overseas Company registered as a branch:
Company No: FC018209
Branch No: BR002669

000163/90

Report and Financial Statements

For the period from 13th September 2007 to 31st December 2007

Registered office address

Clarendon House
2 Church Street
Hamilton HM1
Bermuda

Branch office address

980 Great West Road
Brentford
Middlesex
TW8 9GS



Glaxo Investments (UK) Limited

Report and Financial Statements

For the period from 13th September 2007 to 31st December 2007

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Glaxo Investments (UK) Limited

Directors' Report for the period from 13th September 2007 to 31st December 2007

The Directors submit their report and the audited financial statements for the period from 13th September 2007 to 31st December 2007

Pursuant to the redemption of the B and C Preference Shares held in the Company by Persimmon LLC, a third-party subsidiary of AIG Bank, it was decided by a resolution of the Board of Directors of the Company dated 31 August 2007 that the accounting period should be closed on 12 September 2007 in order to properly determine the financial position of the Company at that time. Following redemption of the B and C preference shares on 12 September 2007, and with reference to the accounting period of the ultimate parent company GlaxoSmithKline plc, the accounting period of the Company was then reset to 31 December 2007.

The Company is incorporated in Bermuda, but the Company's management and business is located in the United Kingdom. The Company is registered under Schedule 21A to the Companies Act 1985 and is based at 980 Great West Road, Brentford, Middlesex, TW8 9GS (Branch No. BR 002669, Company No. FC018209).

Principal activities

The Company's principal activity is the provision of US dollar funding to other GlaxoSmithKline Group (the Group) companies. 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 \$2,789,000 (12th Sep 2007 - \$96,399,000) during the period 13 September to 31 December 2007. The Directors are of the opinion that the current level of activity and the period end financial position are satisfactory and will remain so in the foreseeable future.

The retained profit for the period of \$2,789,000 will be transferred to reserves (12th Sep 2007 - retained profit for the year of \$96,399,000 transferred to reserves).

Principal risks and uncertainties

The directors of GlaxoSmithKline plc manage the risks of the 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 54 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 period are shown in the profit and loss account on page 4.

No dividend is proposed to the holders of Ordinary Shares in respect for period from 13th September 07 to 31st December 2007 (12th Sep 2007 - £nil).

Directors and their interests

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

Mr R Emerson
Mr P F Blackburn
Mr J S Heslop

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.

Glaxo Investments (UK) Limited

Directors' Report for the period from 13th September 2007 to 31st December 2007

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 duties. In addition, each of the Directors who is an individual benefits from an indemnity given by another 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 engagement in the business of the Company.

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 period.

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.

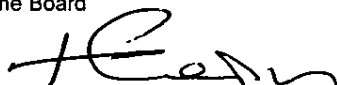
As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware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



Roger Emerson
Director
28th April 2008

Glaxo Investments (UK) Limited

Independent Auditors' Report to the members of Glaxo Investments (UK) Limited

We have audited the financial statements of Glaxo Investments (UK) Limited for the period 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 at 31st December 2007 and of its profit for the period 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
28th April 2008

Glaxo Investments (UK) Limited

Profit and Loss Account

For the period from 13th September 2007 to 31st December 2007

	Notes	Period Ended 31st December 2007 \$'000	Period Ended 12th September 2007 \$'000
Net administrative income	3	135	96,958
Interest receivable	2	4,076	28,684
Interest payable and similar charges	2	(226)	(18,502)
Profit on ordinary activities before taxation		3,985	107,140
Taxation	4	(1,196)	(10,741)
Profit on ordinary activities after taxation		2,789	96,399
Retained profit	9	2,789	96,399

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

Glaxo Investments (UK) Limited

Balance Sheet

As at 31st December 2007

	<i>Notes</i>	31st December 2007 \$'000	12th September 2007 \$'000
Assets			
Debtors	5	225,839	222,881
Cash at bank		15	10
Total assets		225,854	222,891
Liabilities and Equity shareholders' funds			
Capital and reserves			
Called up ordinary share capital	8	22	22
Share premium account	9	108,728	108,728
Profit and loss account	9	108,984	106,195
Equity shareholders' funds	10	217,734	214,945
Long term financial liabilities	7	-	1,000
Creditors amounts due within one year	6	8,120	6,946
Total Liabilities and Equity shareholders' fund		225,854	222,891

The accounts on pages 4 to 9 were approved by the Board of Directors on 28th April 2008
and were signed on its behalf by



Roger Emerson
Director
28th April 2008

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

Glaxo Investments (UK) Limited

Notes to the Financial Statements for the period ended 13th September 2007 to 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, 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) Interest

Interest receivable and similar income and interest payable and similar charges are brought to account on an accruals basis

(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

(e) 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 Interest Receivable

Investment income	Period Ended 31st December 2007	Period Ended 12th September 2007
	\$'000	\$'000
Interest income on bank deposits	12	-
On loans with group undertakings	4,064	28,684
	4,076	28,684
Interest payable		
	\$'000	\$'000
Third party interest	(73)	
Preference Share Dividend paid to external party	-	(18,465)
Preference Share Dividend paid to Group companies	(153)	(37)
	(226)	(18,502)

Refer to Note 7 for further explanation on the Preference Share Dividends disclosed as interest payable

Glaxo Investments (UK) Limited

Notes to the Financial Statements for the period ended 13th September 2007 to 31st December 2007

3 Net administrative income

	Period Ended 31st December 2007 \$'000	Period Ended 12th September 2007 \$'000
The following items have been charged in administrative income / (expenses)		
Management fee	(18)	(6)
Exchange gains / (losses) on foreign currency transactions	-	(395)
Gain on cancellation of Shares with Persimmon LLC on behalf of AIG Bank	153	97,359
	135	96,958

GlaxoSmithKline Services Unlimited provides various services and facilities to the Company including finance and administrative services for which a management fee is charged. Included in the management fee is a charge for auditor remuneration of \$6,700 (2007 \$6,000). That portion of the management fee relating to staff costs can not be separately ascertained.

On 12th September 2007, the 500,000 B Preference shares held by a third party, Persimmon LLC, on behalf of AIG Bank, were redeemed under the repricing terms of a Forward Subscription Agreement entered into by G1 Investments Limited, to whom these shares were originally issued. The difference between the original issue price and the redemption price under the Forward Subscription Agreement amounted to \$97,359,000. Under FRS 25 Financial Instruments Disclosure and Presentation, the company's preference shares are required to be presented as a financial liability and the difference of \$97,359,000 arising on redemption of the B shares is required to be presented as a gain on a financial liability ("Operating (non-recurring) Income") in the profit and loss account (as opposed to being taken directly to equity).

There are no other significant items.

4 Taxation

	Period Ended 31st December 2007 \$'000	Period Ended 12th September 2007 \$'000
Taxation charge based on profits for the period		
UK corporation tax at 30% (2007 30%)	(1,196)	8,604
Prior year adjustment	-	2,137
	(1,196)	10,741
Reconciliation of current taxation charge		
Profit on ordinary activities at the UK statutory rate 30%	(1,196)	32,143
Income not taxable	(46)	(23,539)
Prior year adjustment	-	2,137
Effect of FRS25 presentation of dividends as "interest payable"	46	-
Current tax charge for the period	(1,196)	10,741

No provision is required for deferred taxation.

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

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.

5 Debtors

	31st December 2007 \$'000	12th September 2007 \$'000
Amounts due within one year		
Amounts owed by group undertakings	110,000	110,399
Amounts owed by group undertakings - commercial paper	115,839	112,482
	225,839	222,881

6 Creditors

	31st December 2007 \$'000	12th September 2007 \$'000
Amounts due within one year		
Amounts owed to group undertakings	14	36
Taxation	8,106	6,910
	8,120	6,946

The Corporation tax creditor contains amounts which will be paid to fellow group companies.

Glaxo Investments (UK) Limited

Notes to the Financial Statements for the period ended 13th September 2007 to 31st December 2007

7 Long term financial liabilities

	31st December 2007 Number of shares	12th September 2007 Number of shares	31st December 2007 \$'000	12th September 2007 \$'000
Authorised				
Redeemable Preference B Shares of \$0.01	1,001,000	1,001,000	10	10
Redeemable Preference C Shares of \$0.001	500,000	500,000	1	1
Redeemable Preference D Shares of \$0.01	2,000,000	2,000,000	20	20
Issued and fully paid				
Redeemable Preference B Shares of \$0.01		1,000	-	-
Redeemable Preference C Shares of \$0.001		-	-	-
Total Preference Shares	-	1,000	-	-
Preference Share Premium				
Redeemable Preference B Shares of \$0.01			-	1,000
Redeemable Preference C Shares of \$0.001			-	-
Total Preference Share Premium			-	1,000
Total Preference Shares			-	1,000

The 5.2756% Redeemable Preference B Shares confer voting rights to the holders. The dividend on the B Shares is payable annually. The C Shares confer voting rights to the holders only when all of the B Shares have been redeemed. The C Shares carry rights to dividends which are discretionary and subject to declaration by the directors. The B Shares are senior in rank to all other shares except the C Shares which are the highest ranking share. The B Shares are redeemable by the Company at any given time while the C Shares are redeemable by the Company at any given time after the B Shares have been redeemed. The B Shares are redeemable at a price equal to the subscription price plus any accrued amounts attributable to the B Shares. The C Shares are redeemable at a price equal to the paid-up price plus any accrued amounts attributable to the C Shares. These same rights apply to the respective B and C Shares in the case of the winding up of the Company.

On 6th March 2002 the Company's immediate parent company, G 1 Investments Limited sold 500,000 B Preference Shares of the company to an external financial institution for a cash consideration totalling \$500 million. On the same date, G 1 Investments Limited entered into an agreement with the same financial institution for the repurchase of the B Preference Shares at a future date. The terms of the agreement provide for the repurchase price to be adjusted by reference to the Company's fixed rate of dividend on the B Preference Shares and three month floating libor. Taken together the B Preference Shares of the Company and the associated transactions undertaken by G 1 Investments Limited provide three month floating rate dollar funding for the Group. Since the preference shares were subsequently sold by the above external financial institution to a third party, an agreement for the redemption of the existing shares with that party and subsequent re-issuance of shares to the original institution was entered into on the 12th September 2007. This was carried out in order to facilitate the ultimate repurchase under the terms of the repurchase agreement.

As a result a profit on the cancellation of the shares arose in the period, as disclosed in note 3.

8 Called up share capital - equity interests

	31st December 2007 Number of shares	12th September 2007 Number of shares	31st December 2007 \$'000	12th September 2007 \$'000
Authorised				
Ordinary Shares of \$0.20 each	291,085	291,085	58	58
Issued and fully paid				
Ordinary Shares of \$0.20 each	108,750	108,750	22	22

Glaxo Investments (UK) Limited

Notes to the Financial Statements for the period ended 13th September 2007 to 31st December 2007

9 Reserves - equity interests

	Share Premium \$'000	Profit & Loss account \$'000	Total \$'000
At 12th September 2007	108,728	106,195	214,923
Retained profit for the period	-	2,789	2,789
At 31st December 2007	108,728	108,984	217,712

10 Reconciliation of movements in shareholders' funds

	31st December 2007 \$'000	12th September 2007 \$'000
Profit for the period	2,789	96,399
Net addition to shareholders' funds	2,789	96,399
Opening shareholders' funds	214,945	118,546
Closing shareholders' funds – equity interests	217,734	214,945

11 Employees

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

12 Directors' remuneration

During the period the Directors of the Company were remunerated as executives of the Group. They received no remuneration in respect of their services to the Company (2007 - £nil)

13 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.

14 Contingent liabilities

The Company, together with fellow Group undertakings, has entered into a group banking arrangement with the Company's principal bankers. The bank holds the right to pay and apply funds from any account of the Company to settle any indebtedness to the bank or any other party to this agreement. The Company's maximum potential liability is limited to the amount held on its account with the bank. No loss is expected to accrue to the Company from the agreement.

15 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 accounts/financial statements can be obtained from The Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is G 1 Investments Limited.

16 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.