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

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**Directors' report and financial statements**  
**for the year ended 31st December 2011**

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**Registered office address:**

Trinity Hall  
43 Cedar Avenue  
Hamilton  
HM12  
Bermuda

**Branch office address:**

980 Great West Road  
Brentford  
Middlesex  
TW8 9GS  
England

**Glaxo Investments (UK) Limited**

**Directors' report and financial statements**

**for the year ended 31st December 2011**

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**Glaxo Investments (UK) Limited**  
**(Registered Number. EC14587)**

**Directors' report for the year ended 31st December 2011**

The Directors submit their report and the audited financial statements for the year ended 31st December 2011

Glaxo Investments (UK) Limited (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 2006 and is based at Trinity Hall, 43 Cedar Avenue, Hamilton, HM12, Bermuda (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.

Even though the Company is registered in Bermuda and in the UK, the reporting currency is US dollars as the vast majority of the transactions are carried out in US dollars.

**Review of business**

The Company made a profit for the financial year of \$5,550,000 (2010 profit of \$5,658,000). 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 financial year of \$5,550,000 will be transferred to reserves (2010 profit for the financial year of \$5,658,000 transferred to reserves).

**Principal risks and uncertainties**

The Directors of GlaxoSmithKline plc 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 2011 Annual Report which does not form part of this report.

**Key performance indicators (KPIs)**

The Directors of 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 in the Group's 2011 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 2011 (2010 \$nil).

**Directors and their interests**

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

P F Blackburn  
J S Heslop  
H A Jones  
S Dingemans

Resigned on 31 March 2011

Appointed on 18 May 2011

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 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 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 or her engagement in the business of the Company.

**Glaxo Investments (UK) Limited**  
**(Registered Number. EC14587)**

**Directors' report for the year ended 31st December 2011**  
**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 year.

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,
- 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.

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 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.

By order of the Board



H A Jones  
Director  
9 July 2012

## **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 year ended 31st December 2011 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 31st December 2011 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.

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



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
9 July 2012

## **Glaxo Investments (UK) Limited**

### **Profit and loss account for the year ended 31st December 2011**

	Notes	2011 \$'000	2010 \$'000
<b>Operating loss</b>	<b>2</b>	<b>(109)</b>	<b>(30)</b>
Interest receivable and similar income	3	7,603	7,813
<b>Profit on ordinary activities before taxation</b>		<b>7,494</b>	<b>7,783</b>
Tax on profit on ordinary activities	4	(1,944)	(2,125)
<b>Profit for the financial year</b>	<b>9</b>	<b>5,550</b>	<b>5,658</b>

The results disclosed above relate entirely to continuing operations

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

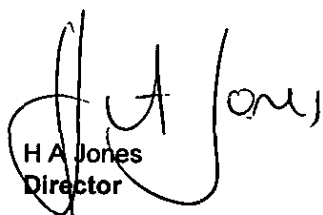
The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account

# Glaxo Investments (UK) Limited

## Balance sheet as at 31st December 2011

	Notes	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Debtors	5	248,871	243,627
Cash at bank and in hand		18	6
		<b>248,889</b>	<b>243,633</b>
<b>Creditors' amount falling due within one year</b>	6	<b>(5,746)</b>	<b>(6,040)</b>
<b>Net current assets</b>		<b>243,143</b>	<b>237,593</b>
<b>Net assets</b>		<b>243,143</b>	<b>237,593</b>
<b>Capital and reserves</b>			
Called up share capital	7	22	22
Share premium account	8	108,728	108,728
Profit and loss account	8	134,393	128,843
<b>Total shareholders' funds</b>	9	<b>243,143</b>	<b>237,593</b>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 9 July 2012 and were signed on its behalf by

  
H A Jones  
Director

# Glaxo Investments (UK) Limited

## Notes to the Financial Statements for the year ended 31st December 2011

### 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 foreign exchange rate ruling on the date of the transaction, or at the foreign exchange forward rate if hedged by a foreign exchange forward contract. Foreign currency monetary assets and liabilities are translated into local currency at foreign exchange rates ruling at the balance sheet date, or at the forward rate. Foreign exchange differences are included in operating profit or loss.

#### (c) Interest

Interest receivable and similar income and interest payable and similar charges are accounted for 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 substantively 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 recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 Operating loss

	2011 \$'000	2010 \$'000
<b>The following items have been credited / (charged) in operating (loss)</b>		
Exchange gains on foreign currency transactions	46	1
Management fee	(24)	(23)
Other operating expenses	(131)	(8)
	<b>(109)</b>	<b>(30)</b>

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 \$15,107 (2010: \$14,573).

Other operating expenses include Bermuda government annual fees paid by GlaxoSmithKline Insurance Limited recharged to Glaxo Investments (UK) Limited.

### 3 Interest receivable and similar income

	2011 \$'000	2010 \$'000
On loans with Group undertakings	7,603	7,813



**Glaxo Investments (UK) Limited**

**Notes to the Financial Statements for the year ended 31st December 2011**

**4 Tax on profit on ordinary activities**

	2011 \$'000	2010 \$'000
<b>Tax charge based on profits for the financial year</b>		
<b>Current tax</b>		
UK corporation tax at 26.5% (2010: 28%)	1,911	2,179
Prior year adjustments to current tax	33	(54)
<b>Total current tax</b>	<b>1,944</b>	<b>2,125</b>

The tax assessed for the year is lower (2010: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28%). The differences are explained below:

	2011 \$'000	2010 \$'000
<b>Reconciliation of current tax charge</b>		
Profit on ordinary activities at the UK statutory rate 26.5% (2010: 28%)	1,985	2,179
Adjustments to tax charge in respect of previous years	33	(54)
Foreign exchange movements	(74)	-
<b>Current tax charge for the year</b>	<b>1,944</b>	<b>2,125</b>

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1st April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5%.

The prior period adjustments are in respect of various periods and arise from revision during the year of management's estimates and the subsequent amendments to UK group loss utilisation and payment allocation.

No provision is required for deferred taxation.

**5 Debtors**

	2011 \$'000	2010 \$'000
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	248,871	243,627

**6 Creditors**

	2011 \$'000	2010 \$'000
<b>Amounts falling due within one year</b>		
Amounts owed to Group undertakings	3,835	3,861
Tax	1,911	2,179
	<b>5,746</b>	<b>6,040</b>

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

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

**7 Called up share capital**

	2011 Number of shares	2010 Number of shares	2011 \$'000	2010 \$'000
<b>Authorised</b>				
<b>Attributable to equity interests</b>				
Ordinary Shares of \$0.20 each (2010: \$0.20 each)	291,085	291,085	58	58
<b>Attributable to non-equity interests</b>				
Redeemable Preference B Shares of \$0.01 (2010: \$0.01 each)	1,001,000	1,001,000	10	10
Redeemable Preference C Shares of \$0.001 (2010: \$0.001 each)	500,000	500,000	1	1
Redeemable Preference D Shares of \$0.01 (2010: \$0.01 each)	2,000,000	2,000,000	20	20
<b>Issued and fully paid</b>				
Ordinary Shares of \$0.20 each (2010: \$0.20 each)	108,750	108,750	22	22

**Glaxo Investments (UK) Limited**

**Notes to the Financial Statements for the year ended 31st December 2011**

**8 Reserves**

	Profit and loss account \$'000	Share premium account \$'000	Total reserves \$'000
At 1st January 2011	128,843	108,728	237,571
Profit for the financial year	5,550	-	5,550
<b>At 31st December 2011</b>	<b>134,393</b>	<b>108,728</b>	<b>243,121</b>

**9 Reconciliation of movements in shareholders' funds**

	2011 \$'000	2010 \$'000
Profit for the financial year	5,550	5,658
Net addition to shareholders' funds	5,550	5,658
Opening shareholders' funds	237,593	231,935
Closing shareholders' funds	243,143	237,593

**10 Contingent liabilities/assets**

**Group banking arrangement**

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 of any other party to this agreement. The Company's maximum potential liability as at 31st December 2011 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

**11 Employees**

All personnel are remunerated by GlaxoSmithKline Services Unlimited and receive no remuneration from the Company. A management fee is charged by GlaxoSmithKline Services Unlimited for services provided to the Company.

**12 Directors' remuneration**

Company directors received no remuneration during the financial year, either as executives of the Group or in respect of their services to the Company (2010: \$0).

**13 Cash flow statement**

A cash flow statement has been included in the consolidated financial statements of GlaxoSmithKline plc, the ultimate parent undertaking, which are publicly available. 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 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 Glaxo Group Limited.

**15 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.