

**ViiV Healthcare Overseas Limited**  
(Registered number: 7027385)

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

**Registered office address:**  
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Middlesex  
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England

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**ViiV Healthcare Overseas Limited**

**Directors' report and financial statements**

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

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**ViiV Healthcare Overseas Limited**  
**(Registered number: 7027385)**

**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

**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 Group of Companies ("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 £9,718,000 (fifteen months to 31st December 2010 profit of £81,000) 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 £9,718,000 will be transferred to reserves (fifteen months to 31st December 2010 - profit for the financial year of £81,000 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 2011 Annual Report which does not form part of this report

**Key performance indicators (KPIs)**

The Directors of ViiV Healthcare Limited 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 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**  
**(Registered number: 7027385)**

**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,
- 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



T Crandall  
Company Secretary  
19th April 2012

## **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 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 Statement of 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**

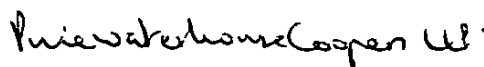
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **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 auditor's name should not be stated.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
19th April 2012

**ViiV Healthcare Overseas Limited**

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

	Notes	2011 £'000	fifteen months 31st December 2010 £'000
Operating expense		(821)	(33)
Operating loss	2	(821)	(33)
Income from shares in Group undertakings	3	10,550	-
Profit/(loss) before interest and taxation		9,729	(33)
Interest receivable and similar income	4	10	145
Profit on ordinary activities before taxation		9,739	112
Tax on profit on ordinary activities	5	(21)	(31)
Profit for the financial year	10	9,718	81

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 year 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

**ViiV Healthcare Overseas Limited**

**Balance sheet  
as at 31st December 2011**

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Investments	6	71,492	45,084
<b>Current assets</b>			
Debtors	7	685	15,885
Creditors, amounts falling due within one year	8	(163)	(38)
<b>Net current assets</b>		522	15,847
<b>Total assets less current liabilities</b>		72,014	60,931
Creditors' amounts falling due after more than one year	8	(1,365)	-
<b>Net assets</b>		70,649	60,931
<b>Capital and reserves</b>			
Called up share capital	9	60,850	60,850
Profit and loss account	10	9,799	81
<b>Total shareholders' funds</b>	11	70,649	60,931

The financial statements on pages 4 to 9 were approved by the Board of Directors on 19th April 2012 and were signed on its behalf by



D Limet  
Director

## **ViiV Healthcare Overseas 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 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.

##### **(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 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 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**

	2011 £'000	fifteen months to 31st December 2010 £'000
<b>The following items have been charged in operating loss:</b>		
Exchange losses on foreign currency transactions	815	26
Audit fees		
Auditors' UK firm	6	7

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

#### **3 Income from shares in Group undertakings**

	2011 £'000	fifteen months to 31st December 2010 £'000
Dividends	10,550	-



# **ViiV Healthcare Overseas Limited**

## **Notes to the financial statements for the year ended 31st December 2011**

### **4 Interest receivable and similar income**

	2011 £'000	fifteen months to 31st December 2010 £'000
On loans with the Group undertakings	10	145

### **5 Tax on profit on ordinary activities**

	2011 £'000	fifteen months to 31st December 2010 £'000
<b>Tax charge based on profits for the financial year</b>		
Current tax		
UK corporation tax at 26.5% (2010: 28%)	21	31
Tax on profit on ordinary activities	21	31

The tax assessed for the year is lower (2010: same as) 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	fifteen months to 31st December 2010 £'000
<b>Reconciliation of current tax charge</b>		
Profit on ordinary activities at the UK statutory rate 26.5% (2010: 28%)	2,581	31
Effects of		
Income not taxable	(2,809)	-
Withholding tax not recoverable	249	-
Current tax charge for the period	21	31

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5% and will be taxed at 26% in the future.

No provision is required for deferred taxation (2010: £nil)

### **6 Fixed asset investments**

	Subsidiary undertakings Shares at cost £'000
Cost and carrying value at 1st January 2011	45,084
Additions	26,408
Cost and carrying value at 31st December 2011	71,492

The Company provided share capital injections to Laboratones ViiV Healthcare SL of £10,185,000 on 1 February 2011 and ViiV Healthcare S De R L De CV of £8,470,000 on 13 September 2011. The Company made a final payment to Setfirst Limited of £7,753,000 on 27 May 2011 in relation to its acquisition of ViiV Healthcare ULC as required by the Shareholders' Agreement.

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

Details of the principal subsidiary undertakings of the Company as at 31st December 2011 is given in Note 18.

### **7 Debtors**

	2011 £'000	2010 £'000
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	338	15,885
Tax	347	-
	685	15,885

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

**ViiV Healthcare Overseas Limited**

**Notes to the financial statements for the year ended 31st December 2011**

**8 Creditors**

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings	156	-
Tax	-	31
Accruals	7	7
	163	38
Amounts falling due after more than one year		
Amounts owed to Group undertakings	1,365	-
	1,528	38

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

**9 Called up share capital**

	2011 Number of shares	2010 Number of shares	2011 £'000	2010 £'000
Issued and fully paid				
Ordinary Shares of £1 each (2010 £1 ea	60,850,001	60,850,001	60,850	60,850

**10 Reserves**

	Profit and loss account £'000
At 1st January 2011	81
Profit for the financial year	9,718
At 31st December 2011	9,799

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

	2011 £'000	2010 £'000
Profit for the financial year	9,718	81
Issue of shares	-	60,850
Net addition to shareholders' funds	9,718	60,931
Opening shareholders' funds	60,931	-
Closing shareholders' funds	70,649	60,931

**12 Employees**

The Company has no employees as all personnel are employed by other Group companies (2010 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 (fifteen months to 31st December 2010 £nil)

## **ViiV Healthcare Overseas Limited**

### **Notes to the financial statements for the year ended 31st December 2011**

#### **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 (revised 1996) 'Cash flow statements' 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.

#### **17 Related party transactions**

ViiV Healthcare Overseas Limited is a wholly owned subsidiary of ViiV 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 (85% owner of immediate parent company ViiV 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 31st December 2011 are as follows:

<b>Company</b>	<b>Percentage shares held</b>	<b>Class of shares held</b>	<b>Country of incorporation</b>
ViiV Healthcare GmbH	100%	Ordinary	Germany
ViiV Healthcare s r l	100%	Ordinary	Italy
ViiV Healthcare sprl	99%	Ordinary	Belgium
ViiV Healthcare B V	100%	Ordinary	Netherlands
ViiV Healthcare GmbH	100%	Ordinary	Switzerland
ViiVHIV Healthcare Unipessoal Limitada	100%	Ordinary	Portugal
ViiV Healthcare ULC	100%	Ordinary	Canada
ViiV Healthcare Puerto Rico, LLC	100%	Ordinary	Puerto Rico
ViiV Healthcare Kabushiki Kaisha	100%	Ordinary	Japan
ViiV Healthcare S De R L De C V	100%	Ordinary	Mexico
ViiV Healthcare Pty Ltd	100%	Ordinary	Australia
Laboratorios ViiV Healthcare, S L	100%	Ordinary	Spain
ViiV Healthcare SAS	100%	Ordinary	France

All of the subsidiaries are held directly by the Company.