

Glaxo Venture Limited
(Registered Number 3013109)

Annual Report and Financial Statements

For the Year Ended 31st December 2004



Registered office address:

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Glaxo Venture Limited

Annual Report and Financial Statements

For the Year Ended 31st December 2004

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Glaxo Venture Limited

Directors' Report for the Year Ended 31st December 2004

The Directors submit their report and the audited financial statements for the year ended 31st December 2004.

Principal activities

The Company is an investment holding company which owns 100% of the share capital of Affymax N.V. and 100% of the preference share capital of GSK Biologicals S.A.

Review of business

The Company made a profit on ordinary activities after taxation of £3,932,000 (2003 - £107,230,000). 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.

Profit on ordinary activities after taxation includes dividends received from group undertakings of £209 million (2003 - £125 million).

The retained profit for the year of £3,392,000 will be transferred to reserves (2003 - £107,230,000).

Results and dividends

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

The Directors propose that no dividend be paid to the holders of Ordinary Shares in respect of the year ended 31st December 2004 (2003 - £nil).

Directors and their interests

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

Mr J D Coombe
Edinburgh Pharmaceutical Industries Limited
Mr J S Heslop
Glaxo Group Limited

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 with the exception of Corporate Directors where such an interest may arise in the ordinary course of business.

Save as disclosed, no arrangements to which the Company was a party existed at the end of the year, or at any time during the year, which would enable the Directors or their families to acquire benefits through the acquisition of shares, or debentures of the Company, or any body corporate within the Group.

At 31st December 2004 none of the Directors have beneficial interests in the shares of any Group company, other than GlaxoSmithKline plc, with the exception of Corporate Directors where a beneficial interest in the shares of other Group companies may arise in the ordinary course of business.

Glaxo Venture Limited

Directors' Report for the Year Ended 31st December 2004

The following interests of the Directors in office at the year end in the shares of the ultimate parent undertaking, GlaxoSmithKline plc, have been notified to the Company:

| Directors' Interests | Shares | |
|----------------------|-------------|-------------|
| | At 31.12.04 | At 31.12.03 |
| Name | | |
| Mr J S Heslop | 16,002 | 14,226 |

| Ordinary Share Options | At 01.01.04 | Granted | Exercised | Lapsed | At 31.12.04 |
|------------------------|----------------|---------|-----------|--------|----------------|
| Mr J S Heslop | 303,469 | 62,250 | - | - | 365,719 |

| Long-Term Incentive Plan | At 01.01.04 | Shares exercised | Vested | At 31.12.04 |
|--------------------------|-------------|---------------------|--------|----------------|
| Mr J S Heslop | - | - | - | - |

| Performance Share Plan | At 01.01.04 | Granted | Vested | Lapsed | At 31.12.04 |
|------------------------|----------------|---------|---------|---------|----------------|
| Mr J S Heslop | 20,000 | 15,500 | (2,500) | (2,500) | 30,500 |

The details of the above-mentioned schemes are disclosed in the Annual Report of GlaxoSmithKline plc.

Mr J D Coombe is a Director of the Company's ultimate parent undertaking, GlaxoSmithKline plc, and his notifiable interests are disclosed in the Annual Report of that Company.

Glaxo Venture Limited

Directors' Report for the Year Ended 31st December 2004

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 year.

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.

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 having been appointed in office as auditors are willing to continue in office and resolutions dealing with their re-appointment and remuneration will be proposed at the Company's Annual General Meeting.

By order of the Board



J S Heslop
Director

18 March 2005

Glaxo Venture Limited

Independent auditors' report to the members of Glaxo Venture Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

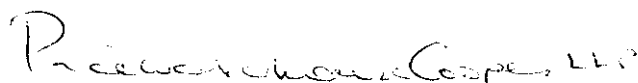
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 of the state of the Company's affairs at 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
10 March 2005

Glaxo Venture Limited

Profit and Loss Account For the Year Ended 31st December 2004

| | Notes | 2004 £'000 | 2003 £'000 |
|--|--------------|-----------------------|-----------------------|
| Other operating expense | | (4) | - |
| Operating loss: | 2 | (4) | - |
| Income from shares in group undertakings | 3 | 208,741 | 125,000 |
| Amounts written off investments | | (198,436) | (17,770) |
| Profit before interest | | 10,301 | 107,230 |
| Net interest payable | 4 | (8,266) | - |
| Profit on ordinary activities before taxation | | 2,035 | 107,230 |
| Taxation | 7 | 1,897 | - |
| Profit on ordinary activities after taxation | | 3,932 | 107,230 |
| Dividends | | - | - |
| Retained profit | 10 | 3,932 | 107,230 |

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 7 to 10 form part of these financial statements

Glaxo Venture Limited

Balance Sheet

As at 31st December 2004

| | Notes | 2004 £'000 | 2003 £'000 |
|---|-------|------------------|------------------|
| Investments | 5 | 234,560 | 432,996 |
| Fixed Assets | | 234,560 | 432,996 |
| Debtors | 6 | 4,739 | - |
| Cash at bank | | - | 24,033 |
| Current assets | | 4,739 | 24,033 |
| Creditors: amounts due within one year | 8 | (128,027) | (349,689) |
| Net current assets | | (123,288) | (325,656) |
| Total assets less current liabilities | | 111,272 | 107,340 |
| Net assets | | 111,272 | 107,340 |
| Capital and reserves | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | 111,272 | 107,340 |
| Equity shareholders' funds | 11 | 111,272 | 107,340 |

The accounts on pages 5 to 10 were approved by the Board of Directors on 18 March 2005 and were signed on its behalf by:


J S Heslop
Director

The notes on pages 7 to 10 form part of these financial statements.

Glaxo Venture Limited

Notes to the Financial Statements for the Year Ended 31st December 2004

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 using the historical cost convention, and have been drawn up in accordance with UK generally accepted accounting principles and with UK accounting presentation.

(b) Dividends receivable

Dividends receivable from subsidiaries are included in the profit and loss account in the period in respect of which the related dividend is declared.

(c) 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.

2 Operating loss

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| The following items have been charged in operating loss | | |
| Management Fee | 4 | - |

The auditors' remuneration has been borne by GlaxoSmithKline Services Unlimited. The Company bears an appropriate charge for management services provided to it by other group companies.

3 Income from shares in group undertakings

| | 2004 £'000 | 2003 £'000 |
|-----------|---------------|---------------|
| Dividends | 208,741 | 125,000 |

4 Net interest payable

| | 2004 £'000 | 2003 £'000 |
|----------------------------------|---------------|---------------|
| Interest payable | | |
| On loans with group undertakings | (12,018) | - |
| Investment income | | |
| Interest income on bank deposits | 3,752 | - |
| | (8,266) | - |

5 Investments held as fixed assets

| | Subsidiary undertakings £'000 |
|------------------------------|-------------------------------------|
| Shares at cost: | |
| At 1st January 2004 | 432,996 |
| Impairment | (198,436) |
| At 31st December 2004 | 234,560 |

The impairment relates to a write-down in the carrying value of the investment in Affymax NV.

Details of the principal subsidiary undertakings and interests of the Company as at 31st December 2004 are given in Note 18.

Glaxo Venture Limited

Notes to the Financial Statements for the Year Ended 31st December 2004

6 Debtors

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Amounts due within one year | | |
| Taxation | 2,481 | - |
| Other debtors | 2,258 | - |
| | 4,739 | - |

7 Taxation

| | 2004 £'000 | 2003 £'000 |
|--|----------------|---------------|
| Taxation credit based on profits for the period | | |
| UK corporation tax at 30% (2003: 30%) | (3) | - |
| Overseas tax | 584 | - |
| Less: Double tax relief | (2,478) | - |
| | (1,897) | - |

| | 2004 £'000 | 2003 £'000 |
|--|----------------|---------------|
| Reconciliation of current taxation credit | | |
| Tax on ordinary profits at UK standard rate | 610 | 32,169 |
| Non taxable items | (60,987) | (37,500) |
| Expenses not deductible for tax purposes | 59,531 | - |
| Underlying tax on overseas dividends | 843 | - |
| Overseas tax | 584 | - |
| Double tax relief | (2,478) | - |
| Other permanent difference | - | 5,331 |
| Current tax credit for the period | (1,897) | - |

8 Creditors

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Amounts due within one year | | |
| Amounts owed to group undertakings | 128,027 | 349,689 |

9 Called up share capital - equity interests

| | 2004 Number of shares | 2003 Number of shares | 2004 £ | 2003 £ |
|------------------------------|-----------------------------|-----------------------------|-----------|-----------|
| Authorised | | | | |
| Ordinary Shares of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| Issued and fully paid | | | | |
| Ordinary Shares of £1 each | 2 | 2 | 2 | 2 |

Glaxo Venture Limited

Notes to the Financial Statements for the Year Ended 31st December 2004

10 Reserves - equity interests

| | Profit & Loss account £'000 |
|--|-----------------------------------|
| At 1st January 2004 | 107,340 |
| Retained profit for the financial year | 3,932 |
| At 31st December 2004 | 111,272 |

11 Reconciliation of movements in shareholders' funds

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 3,932 | 107,230 |
| Net addition to shareholders' funds | 3,932 | 107,230 |
| Opening shareholders' funds | 107,340 | 110 |
| Closing shareholders' funds – equity interests | 111,272 | 107,340 |

12 Employees

There are no employees of the Company as all personnel are employed by other group companies.

13 Directors' remuneration

During the year the Directors of the Company, with the exception of Corporate Directors, were remunerated as executives of the GlaxoSmithKline group and received no remuneration in respect of their services to the Company (2003 - £nil). The Corporate Directors received no remuneration during the year, either as executives of the GlaxoSmithKline group or in respect of their services to the Company (2003 - £nil).

14 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 Financial Reporting Standard 1 (Revised 1996) not to prepare a cash flow statement.

15 Group financial statements

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group-financial statements under s.228 of the Companies Act 1985.

Glaxo Venture Limited

Notes to the Financial Statements for the Year Ended 31st December 2004

16 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 financial statements can be obtained from The Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is Glaxo Group Limited.

17 Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GlaxoSmithKline plc, advantage has been taken of the exemption afforded by Financial Reporting Standard 8 not to disclose any related party transactions within the Group. There are no other related party transactions.

18 Principal Subsidiaries and Associated Undertakings

The principal subsidiaries of the Company as at 31st December 2004 are as follows:

| Company | Percentage shares held | Class of shares held | Country of Incorporation |
|----------------------------------|-----------------------------------|---------------------------------|-------------------------------------|
| Affymax N.V. | 100% | Ordinary | Netherlands |
| GlaxoSmithKline Biologicals S.A. | 100% | Preference | Belgium |

The Company holds a 100% interest in Affymax N.V., which is the parent company of the following companies:

| | |
|--|------|
| Affymax Technologies N.V. (Dutch Antilles) | 100% |
| Affymax Research Institute Inc (USA) | 100% |