

SmithKline Beecham Holdings (UK) Limited
(Registered Number 3890815)

Annual Report and Financial Statements

For the year ended 31st December 2008

Registered office address:

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Brentford
Middlesex
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SmithKline Beecham Holdings (UK) Limited

Annual Report and Financial Statements

For the year ended 31st December 2008

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SmithKline Beecham Holdings (UK) Limited

Directors' Report for the year ended 31st December 2008

The Directors submit their report and the audited financial statements for the year ended 31st December 2008.

Principal activities

The Company's principal activity is that of an investment holding company in the GlaxoSmithKline Group ("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 on ordinary activities after taxation of £665 million (2007 - profit of £1,971 million). The Directors are of the opinion that the current level of activity and the year end financial position are sustainable due to financial support obtained from GlaxoSmithKline Finance plc, and the company remains a going concern.

The retained profit for the year of £665 million will be transferred to reserves (2007 - retained profit for the year of £1,180 million transferred to reserves).

Results and dividends

The Company's results for the financial year are shown in the profit and loss account on page 4.

No interim dividend was proposed and paid to the shareholders in respect of the year ended 31st December 2008 (2007 - 6,645p per ordinary share amounting to £792 million). No final dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2008 (2007 - £nil).

Directors and their interests

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

Glaxo Group Limited
Edinburgh Pharmaceutical Industries 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 except where such an interest may arise in the ordinary course of 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 its duties.

SmithKline Beecham Holdings (UK) Limited

Directors' Report for the year ended 31st December 2008

Statement of Directors' Responsibilities in respect of the Annual Report and financial statements

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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 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.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

Auditors

Pricewaterhouse Coopers 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



P Williamson
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Company Secretary
6th March 2009

SmithKline Beecham Holdings (UK) Limited

Independent Auditors' Report to the members of SmithKlineBeecham Holdings (UK) Limited

We have audited the financial statements of SmithKline Beecham Holdings (UK) Limited for the year ended 31st December 2008 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 preparation of 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

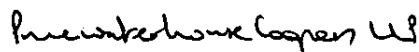
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2008 and of its profit for the year 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
6th March 2009

SmithKline Beecham Holdings (UK) Limited

Profit and Loss Account

For the year ended 31st December 2008

	Notes	2008 £'000	2007 £'000
Operating income / (expenses)		5	(7)
Operating profit / (loss)	2	5	(7)
Income from shares in group undertakings	3	1,317,045	2,247,295
Amounts written off investments	7	(447,574)	-
Profit before interest		869,476	2,247,288
Interest payable	4	(285,894)	(394,017)
Profit on ordinary activities before taxation		583,582	1,853,271
Taxation	5	81,484	118,207
Profit on ordinary activities after taxation		665,066	1,971,478
Dividends	6	-	(791,539)
Retained profit	11	665,066	1,179,939

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 10 form part of these financial statements.

SmithKline Beecham Holdings (UK) Limited

Balance Sheet

As at 31st December 2008

	Notes	2008 £'000	2007 £'000
Investments	7	7,519,927	7,967,501
Fixed assets		7,519,927	7,967,501
Debtors	8	181,355	341,717
Current assets		181,355	341,717
Creditors: amounts due within one year	9	(5,197,677)	(6,470,679)
Net current liabilities		(5,016,322)	(6,128,962)
Total assets less current liabilities		2,503,605	1,838,539
Net Assets		2,503,605	1,838,539
Capital and reserves			
Called up share capital	10	11,912	11,912
Share premium account	11	483,702	483,702
Profit and loss account	11	736,104	71,038
Other reserves	11	1,271,887	1,271,887
Equity shareholders' funds	12	2,503,605	1,838,539

The accounts on pages 4 to 10 were approved by the Board of Directors on 6th March 2009 and were signed on its behalf by:



J Heslop

For and on behalf of Edinburgh Pharmaceutical Industries Limited – Director

The notes on pages 6 to 10 form part of these financial statements.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2008

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, based on financial support from GlaxoSmithKline Finance plc, under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 1985 and applicable UK Accounting Standards.

(b) Foreign currency

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 trading profit.

(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.

(d) Impairment of fixed assets

The carrying value of fixed assets 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.

(e) Taxation

Current tax is provided at the amounts expected to be paid applying the 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 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.

(f) Dividends paid and received

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

2 Operating profit / (loss)

	2008 £'000	2007 £'000
The following items have been credited / (charged) in operating profit / (loss):		
Management fee	(14)	(7)
Exchange gains on foreign currency transactions	19	-
	5	(7)

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 charge for auditor remuneration of £9,360 (2007 - £3,350).

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2008

3 Income from shares in group undertakings

	2008 £'000	2007 £'000
Dividends	1,317,045	2,247,295

4 Interest payable

	2008 £'000	2007 £'000
Interest payable		
On loans with group undertakings	(285,894)	(394,017)
	(285,894)	(394,017)

5 Taxation

	2008 £'000	2007 £'000
Taxation credit based on profit for the period		
UK corporation tax at 28.5% (2007: 30%)	(81,484)	(118,207)
	(81,484)	(118,207)

	2008 £'000	2007 £'000
Reconciliation of current taxation credit		
Profit on ordinary activities at the UK statutory rate 28.5% (2007: 30%)	166,321	555,981
Income non taxable	(375,363)	(674,189)
Non deductible expenses	127,559	-
Current tax credit for the period	(81,484)	(118,207)

No provision is required for deferred taxation.

6 Dividends paid

Dividends paid in 2008

No dividends were paid during 2008

	pence per share	£'000
Dividends paid in 2007		
12th April 2007 interim dividend paid	6,645	791,539
	6,645	791,539

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2008

7 Fixed asset investments

	Subsidiary undertakings Shares at cost £'000	Total £'000
Cost at 1st January 2008 and 31st December 2008	7,967,501	7,967,501
Impairment at 1st January 2008	-	-
Impairment charge for the year	(447,574)	(447,574)
Impairment at 31st December 2008	(447,574)	(447,574)
Carrying value at 1st January 2008	7,967,501	7,967,501
Carrying value at 31st December 2008	7,519,927	7,519,927

The impairment relates solely to a write-down in the carrying value of the Company's investment in SmithKline and French Laboratories Limited.

Details of the principal subsidiary undertakings of the Company as at 31st December 2008 are given in Note 18.

8 Debtors

	2008 £'000	2007 £'000
Amounts due within one year		
Amounts owed by group undertakings	99,871	137,941
Taxation	81,484	203,776
	181,355	341,717

The taxation debtor contains amounts which will be recovered by way of payments from fellow Group companies.

9 Creditors

	2008 £'000	2007 £'000
Amounts due within one year		
Amounts owed to group undertakings	5,197,677	6,470,679
	5,197,677	6,470,679

10 Called up share capital - equity interests

	2008 Number of shares	2007 Number of shares	2008 £'000	2007 £'000
Authorised				
Ordinary Shares of £1 each	2,000,000,000	2,000,000,000	2,000,000	2,000,000
Issued and fully paid				
Ordinary Shares of £1 each	11,911,900	11,911,900	11,912	11,912

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2008

11 Reserves - equity interests

	Profit & loss account £'000	Share premium £'000	Other reserves £'000	Total reserves £'000
At 1st January 2008	71,038	483,702	1,271,887	1,826,627
Retained profit for the financial year	665,066	-	-	665,066
At 31st December 2008	736,104	483,702	1,271,887	2,491,693

The share premium and other reserves are undistributable reserves. Other reserves comprise of £1,721,887,395 of shares cancelled in Smith Kline & French Laboratories Limited and an impairment loss of £450,000,000 against the carrying value of investments.

12 Reconciliation of movement in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	665,066	1,971,478
Dividends	-	(791,539)
Net addition in shareholders' funds	665,066	1,179,939
Opening shareholders' funds	1,838,539	658,600
Closing shareholders' funds – equity interests	2,503,605	1,838,539

13 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 of 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.

14 Employees

The Company has no employees as all personnel are employed by other Group companies (2007 - nil).

15 Directors' remuneration

The Corporate Directors of the Company received no remuneration in respect of their service to the Company (2007 - £nil).

16 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.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2008

17 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 Section 228 of the Companies Act 1985.

18 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 Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking is SmithKline Beecham Overseas Limited.

19 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.

20 Principal subsidiaries

The principal subsidiaries of the Company as at 31st December 2008 are as follows:

Company	Percentage shares held	Class of shares held	Country of Incorporation
Setfirst Limited	50.07%	Ordinary	England & Wales
SmithKline & French Laboratories Limited	100.00%	Ordinary	England & Wales

Both of the above companies are primarily investment holding companies and the above shareholdings are held directly by the Company.

A full list of the Group's subsidiary and associated undertakings will be attached to the Annual Return of GlaxoSmithKline plc to be filed with the Registrar of Companies.