

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

Annual Report and Financial Statements

For the year ended 31st December 2009

Registered office address:

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Brentford
Middlesex
TW8 9GS

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SmithKline Beecham Holdings (UK) Limited

Annual Report and Financial Statements

For the year ended 31st December 2009

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

Directors' Report for the year ended 31st December 2009

The Directors submit their report and the audited financial statements for the year ended 31st December 2009

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 £5,287 million (2008 - profit of £665 million) The Directors are of the opinion that the current level of activity and the year end financial position of the Company are satisfactory and will remain so in the foreseeable future

The retained profit for the year of £5,287 million will be transferred to reserves (2008 - retained profit for the year of £665 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 dividend is proposed to the holders of Ordinary Shares in respect of the year ended 31st December 2009 (2008 - £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	
Mr J S Heslop	Appointed on 09/09/2009

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 the Corporate Directors, 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 his, her or its duties

Directors' Report for the year ended 31st December 2009

Statement of Directors' Responsibilities in respect of the Annual Report and the 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). 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 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,
- 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 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.

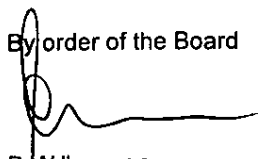
As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors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

This report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006.

By order of the Board



P Williamson
For and on behalf of Edinburgh Pharmaceutical Industries Limited
Company Secretary
25th February 2010

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 2009 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 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.

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 2009 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

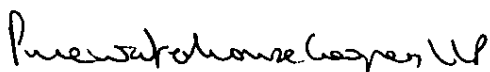
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
25th February 2010

SmithKline Beecham Holdings (UK) Limited

Profit and Loss Account

For the year ended 31st December 2009

	Notes	2009 £'000	2008 £'000
Operating (expense)/income		(14)	5
Operating (loss)/profit	2	(14)	5
Income from shares in group undertakings	3	-	1,317,045
Exceptional items			
Profit on disposal of investments in subsidiaries	4	5,322,317	-
Amounts written off investments	7	-	(447,574)
Profit before interest and taxation		5,322,303	869,476
Net interest payable	5	(39,093)	(285,894)
Profit on ordinary activities before taxation		5,283,210	583,582
Taxation	6	3,855	81,484
Profit on ordinary activities after taxation for the financial year		5,287,065	665,066
Retained profit for the financial year	11	5,287,065	665,066

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

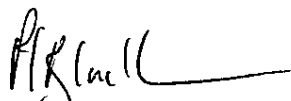
The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account

SmithKline Beecham Holdings (UK) Limited

Balance Sheet As at 31st December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	7	825,313	7,519,927
		825,313	7,519,927
Current assets			
Debtors	8	6,965,357	181,355
		6,965,357	181,355
Creditors amounts falling due within one year	9	-	(5,197,677)
Net current assets/(liabilities)		6,965,357	(5,016,322)
Total assets less current liabilities		7,790,670	2,503,605
Net assets		7,790,670	2,503,605
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	6,023,169	736,104
Other reserves	11	1,271,887	1,271,887
Total shareholders' funds	12	7,790,670	2,503,605

The accounts on pages 4 to 10 were approved by the Board of Directors on 25th February 2010 and were signed on its behalf by



Paul Blackburn
For and on behalf of Glaxo Group Limited - Director

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2009

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, or at the forward rate if hedged by a forward exchange contract. Foreign currency monetary 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) 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.

(d) 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.

(e) 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. Any provision for impairment is charged to the profit and loss account.

(f) 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.

2 Operating (loss)/profit

	2009 £'000	2008 £'000
The following items have been (charged)/credited in operating (loss)/profit.		
Management fee	(14)	(14)
Exchange gains on foreign currency transactions	-	19
	(14)	5

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 £9,114 (2008 - £9,360).

3 Income from shares in group undertakings

	2009 £'000	2008 £'000
Dividends	-	1,317,045

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2009

4 Exceptional items

	2009 £'000	2008 £'000
Profit on disposal of investments	5,322,317	-

The Company sold its shareholding in Setfirst Limited on 30th October 2009 to another Group undertaking for cash consideration of £12,017 million

5 Net interest payable

	2009 £'000	2008 £'000
Interest payable and similar charges		
On loans with group undertakings	(43,503)	(285,894)
	(43,503)	(285,894)
Interest receivable and similar income		
On loans with group undertakings	4,410	-
	4,410	-
	(39,093)	(285,894)

6 Taxation

	2009 £'000	2008 £'000
Taxation credit based on profits for the period		
UK corporation tax at 28% (2008 28.5%)	(3,855)	(81,484)
Total tax credit	(3,855)	(81,484)

	2009 £'000	2008 £'000
Reconciliation of current taxation credit		
Profit on ordinary activities at the UK statutory rate 28% (2008 28.5%)	1,479,299	166,321
Income not taxable	(1,490,249)	(375,363)
Non deductible expenses	-	127,558
Group relief surrendered for no payment	7,095	-
Current tax credit for the period	(3,855)	(81,484)

No provision is required for deferred taxation

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2009

7 Fixed asset investments

	Investment in subsidiary undertakings £'000
Cost at 1st January 2009	7,967,501
Disposals	(6,694,614)
Cost at 31st December 2009	1,272,887
Impairment at 1st January and 31st December 2009	(447,574)
Carrying value at 1st January 2009	7,519,927
Carrying value at 31st December 2009	825,313

The Company sold its shareholding in Setfirst Limited on 30th October 2009 to another Group undertaking for cash consideration of £12,017 million

The impairment recognised in the prior year 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 2009 are given in Note 20

8 Debtors

	2009 £'000	2008 £'000
Amounts due within one year		
Amounts owed by group undertakings	6,961,502	99,871
Taxation	3,855	81,484
	6,965,357	181,355

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

9 Creditors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	-	5,197,677
	-	5,197,677

10 Called up share capital - equity interests

	2009 Number of shares	2008 Number of shares	2009 £'000	2008 £'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 2009

11 Reserves - equity interests

	Profit and loss account £'000	Share premium account £'000	Other reserves £'000	Total reserves £'000
At 1st January 2009	736,104	483,702	1,271,887	2,491,693
Retained profit for the financial year	5,287,065	-	-	5,287,065
At 31st December 2009	6,023,169	483,702	1,271,887	7,778,758

Other reserves of £1,271,887 are distributable and 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

	2009 £'000	2008 £'000
Profit for the financial year	5,287,065	665,066
Net addition to shareholders' funds	5,287,065	665,066
Opening shareholders' funds	2,503,605	1,838,539
Closing shareholders' funds – equity interests	7,790,670	2,503,605

13 Contingent liabilities

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 2009 is limited to the amount held on its accounts with the bank. No loss is expected to accrue to the Company from the agreement.

14 Employees

All employees 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.

15 Directors' remuneration

During the period the Directors of the Company, with the exception of the Corporate directors, were remunerated as executives of the Group and received no remuneration in respect of their services to the Company (2008 - £nil). Corporate directors received no remuneration during the year, either as executives of the Group or in respect of their services to the Company (2008 - £nil).

16 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.

SmithKline Beecham Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31st December 2009

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 400 of the Companies Act 2006

18 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 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 subsidiary and associated undertakings

The principal subsidiaries of the Company as at 31st December 2009 are as follows:

<u>Company</u>	<u>Percentage shares held</u>	<u>Class of shares held</u>	<u>Country of Incorporation</u>
SmithKline & French Laboratories Limited	100.00%	Ordinary	England & Wales

This company is primarily an investment holding company 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.