

Issued: 2nd August 2011, London, U.K.

## **GlaxoSmithKline Capital plc**

### **Results Announcement and Interim Management Report for the half year ended 30th June 2011**

#### **Performance**

GlaxoSmithKline Capital plc (the "Company"), a wholly owned subsidiary of GlaxoSmithKline plc, provides financial services to GlaxoSmithKline plc and its subsidiaries (the "Group"). During the period the Company made a profit on ordinary activities after taxation of £1,073,000 (H1 2010: £1,455,000).

The Company seeks to denominate borrowings in the currencies of its principal assets and cash flows. These are primarily denominated in Euros and Sterling.

The policy on interest rate risk management limits the amount of floating interest payments to a prescribed percentage of trading profit.

After making certain 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 this document, due to ongoing support from the intermediate parent undertaking, GlaxoSmithKline Finance plc.

#### **Outlook**

The Directors are of the opinion that the current level of activity and the period end financial position are satisfactory and will remain so in the foreseeable future.

GlaxoSmithKline Capital plc, 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.  
Registered in England and Wales. Registered number: 2258699

## GlaxoSmithKline Capital plc

### Profit and loss account

#### Six months ended 30th June 2011

	Period ended 30th June 2011 £'000	Period ended 30th June 2010 £'000	Year ended 31st December 2010 £'000
Net administrative income/(expense) (including foreign exchange gains and losses)	<u>(400)</u>	<u>599</u>	<u>603</u>
Interest payable and similar charges	<b>(214,912)</b>	(196,694)	(406,631)
Interest receivable and similar income	<b>216,774</b>	198,058	409,531
Net interest receivable	<u>1,862</u>	<u>1,364</u>	<u>3,503</u>
<b>Operating profit</b>	<u>1,462</u>	<u>1,963</u>	<u>3,468</u>
<b>Profit on ordinary activities before taxation</b>	<u>1,462</u>	<u>1,963</u>	<u>3,468</u>
Taxation	<u>(389)</u>	<u>(508)</u>	<u>(992)</u>
<b>Profit on ordinary activities after taxation</b>	<u>1,073</u>	<u>1,455</u>	<u>2,476</u>

#### Statement of total recognised gains and losses

##### Six months ended 30th June 2011

	Period ended 30th June 2011 £'000	Period ended 30th June 2010 £'000	Year ended 31st December 2010 £'000
<b>Profit for the period</b>	<u>1,073</u>	<u>1,455</u>	<u>2,476</u>
Movements in cash flow hedge reserve	<u>206</u>	<u>206</u>	<u>411</u>
<b>Total recognised gains and losses relating to the period</b>	<u>1,279</u>	<u>1,661</u>	<u>2,887</u>

## GlaxoSmithKline Capital plc

### Balance sheet As at 30th June 2011

	30th June 2011 £'000	31st December 2010 £'000
Debtors: amounts due after one year	7,900,198	8,262,755
Debtors: amounts due within one year	849,344	136,617
Cash at bank	4	4
<b>Current assets</b>	<b>8,749,546</b>	8,399,376
Loans due within one year	(674,894)	-
Creditors	(176,099)	(134,716)
<b>Creditors: amounts due within one year</b>	<b>(850,993)</b>	(134,716)
<b>Net current assets</b>	<b>7,898,553</b>	8,264,660
<b>Total assets less current liabilities</b>	<b>7,898,553</b>	8,264,660
Loans due after one year	(7,903,322)	(8,270,708)
<b>Creditors: amounts due after one year</b>	<b>(7,903,322)</b>	(8,270,708)
<b>Net liabilities</b>	<b>(4,769)</b>	(6,048)
<b>Capital and reserves</b>		
Called up share capital	100	100
Profit and loss account	2,148	1,075
Other reserves	(7,017)	(7,223)
<b>Equity shareholders' deficit</b>	<b>(4,769)</b>	(6,048)

### Reconciliation of movements in equity

	Period ended 30th June 2011 £'000	Period ended 30th June 2010 £'000	Year ended 31st December 2010 £'000
Equity shareholders' deficit at beginning of period	(6,048)	(8,935)	(8,935)
Profit for the period	1,073	1,455	2,476
Movement in cash flow hedge reserve	206	206	411
<b>Equity shareholders' deficit at end of period</b>	<b>(4,769)</b>	<b>(7,274)</b>	<b>(6,048)</b>

## GlaxoSmithKline Capital plc

Taxation	Period ended 30th June 2011 £'000	Period ended 30th June 2010 £'000	Year ended 31st December 2010 £'000
Tax charge	<u>389</u>	<u>508</u>	<u>992</u>
Tax rate	<b>26.5%</b>	28%	28%

The effective tax rate is based on the anticipated charge for taxation for the year to 31st December 2011.

Net interest receivable	Period ended 30th June 2011 £'000	Period ended 30th June 2010 £'000	Year ended 31st December 2010 £'000
<b>Interest payable and similar charges</b>			
Reclassification of cash flow hedge from equity	(206)	(206)	(411)
Interest on Medium-Term Notes and Eurobonds	(210,499)	(192,591)	(398,159)
Amortisation of bond expenses	(4,207)	(3,897)	(8,061)
	<u>(214,912)</u>	<u>(196,694)</u>	<u>(406,631)</u>
<b>Interest receivable and similar income</b>			
Interest receivable on loans with Group undertakings	<u>216,774</u>	<u>198,058</u>	<u>409,531</u>
	<u>1,862</u>	<u>1,364</u>	<u>3,503</u>

Debtors	30th June 2011 £'000	31st December 2010 £'000
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings - loans	<u>669,703</u>	-
Amounts owed by Group undertakings - current account	<u>179,071</u>	136,037
Deferred tax asset	<u>570</u>	580
	<u>849,344</u>	<u>136,617</u>
<b>Amounts due after one year</b>		
Amounts owed by Group undertakings - loans	<u>7,900,198</u>	<u>8,262,755</u>
	<u>8,749,542</u>	<u>8,399,372</u>

Other Creditors: amounts due within one year	30th June 2011 £'000	31st December 2010 £'000
Taxation	<u>1,288</u>	850
Other creditors	<u>174,811</u>	133,866
	<u>176,099</u>	<u>134,716</u>

## GlaxoSmithKline Capital plc

<b>Net debt</b>	<b>30th June 2011</b> <b>£'000</b>	<b>31st December 2010</b> <b>£'000</b>
Cash at bank	<u>4</u>	<u>4</u>
Amounts owed by Group undertakings - loans	<u>8,569,901</u>	<u>8,262,755</u>
	<b>8,569,905</b>	<b>8,262,759</b>
<b>Loans due within one year</b>		
Eurobonds and Medium-Term Notes	<b>(674,894)</b>	-
<b>Loans due after one year</b>		
Eurobonds and Medium-Term Notes	<b>(7,903,322)</b>	<b>(8,270,708)</b>
<b>Net debt</b>	<b>(8,311)</b>	<b>(7,949)</b>

The Sterling equivalent values of Eurobonds and Medium-Term Notes has increased due to the appreciation of the Euro against Sterling. The overall exchange loss for the period was £303,301,687. In addition to the exchange loss, £4,206,626 of amortised bond costs were incurred in the period to 30th June 2011 (year ended 31st December 2010: £8,060,793).

### Related party transactions

The Company's significant related parties are other members of the Group. 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.

### Cash flow

As a wholly owned subsidiary of GlaxoSmithKline plc, advantage has been taken of the exemption afforded by FRS 1 'Cash Flow Statements' not to prepare a cash flow statement.

### Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the six months ended 30th June 2011 is prepared under UK GAAP in accordance with the Listing Rules of the UK Listing Authority, pronouncements on interim reporting issued by the Accounting Standards Board (ASB) and the accounting policies set out in the Company's audited Financial Statements 2010.

This Results Announcement does not constitute statutory accounts of the Company within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The balance sheet at 31st December 2010 has been derived from the full accounts published in the Financial Statements 2010, which have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

## GlaxoSmithKline Capital plc

### Principal risks and uncertainties

The Directors of GlaxoSmithKline plc manage the risks at a Group level, rather than at an individual business unit level.

The principal risks and uncertainties affecting the Company are the same as those which affect the Group and those described under the headings below, in the 'Risk Factors' section of the 'Business Review' of the GlaxoSmithKline plc Annual Report 2010.

- Risk that R&D will not deliver commercially successful new products
- Competition from generic manufacturers
- Potential changes in intellectual property laws and regulations
- Weakness of intellectual property protection in certain countries
- Risk of substantial adverse outcome of litigation and government investigations
- Product liability litigation
- Anti-trust litigation
- Sales and marketing regulation
- Governmental, payer and regulatory controls
- Pricing
- Regulatory controls
- Risk of interruption of product supply
- Taxation and Treasury
- Anti-bribery and corruption
- Risk from concentration of sales to wholesalers
- Global political and economic conditions
- Environmental liabilities
- Accounting standards
- Protection of electronic information and assets
- Alliances and acquisitions
- Attraction and retention
- Implementing the Group's strategic priorities

In particular, policies regarding the management of Group risk pertaining to financial risk, interest rate risk and market risk as well as liquidity are discussed in the Group's Annual Report 2010 under the Treasury operations section of the 'Business Review'.

### Directors' responsibility statement

The Board of Directors approved this document on 2nd August 2011.

The Directors confirm that to the best of their knowledge, this unaudited condensed financial information has been prepared in accordance with pronouncements by the ASB and that the interim management report herein includes a true and fair view of the information required by DTR 4.2.7 of the UK Listing Authority's Disclosure and Transparency Rules.

The Directors of GlaxoSmithKline Capital plc are Edinburgh Pharmaceutical Industries Limited, Glaxo Group Limited and Simon Dingemans.

By order of the Board  
Paul Blackburn  
(on behalf of Glaxo Group Limited - Corporate Director)  
2nd August 2011

### Internet

This Announcement and other information about the GSK Group are available on the website at:  
<http://www.gsk.com>.