

Issued: 29 July 2015, London, U.K.

GlaxoSmithKline Capital plc

Results announcement and interim management report for the half year ended 30 June 2015

Performance

GlaxoSmithKline Capital plc (the "Company"), a wholly owned indirect subsidiary of GlaxoSmithKline plc, issues US and Euro Medium Term Notes and provides financing and financial services to fellow subsidiaries of GlaxoSmithKline plc and its subsidiaries (the "Group"). During the period the Company made a profit on ordinary activities after taxation of £4,061,000 (2014: £2,852,000).

The Company repaid a three year \$1 billion fixed rate bond which matured in May 2015, reducing trade payables due within one year to £1,283,774,000 (2014: £2,010,305,000). The Company has not issued any further US and Euro Medium Term Notes during the six months to 30 June 2015.

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

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Income Statement Six months ended 30 June 2015

	Notes	Period ended 30 June 2015 £'000	Period ended 30 June 2014 £'000
Operating (loss)/profit		(353)	16
Finance income	2	205,468	200,580
Finance expense	2	(199,964)	(196,899)
Net finance income		5,504	3,681
Profit on ordinary activities before interest and taxation		5,151	3,697
Income tax expense on ordinary activities	1	(1,090)	(845)
Profit for the period		4,061	2,852

Statement of Comprehensive Income Six months ended 30 June 2015

	Period ended 30 June 2015 £'000	Period ended 30 June 2014 £'000
Profit for the period	4,061	2,852
Other comprehensive income: Items that may be reclassified to income statement:		
Reclassification of cash flow hedges to income statement	477	298
Other comprehensive income for the period	477	298
Total comprehensive income for the period	4,538	3,150

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Statement of Financial Position As at 30 June 2015

	Notes	30 June 2015 £'000	31 December 2014 £'000
Trade and other receivables: amounts falling due within one year	3	1,347,538	2,066,389
Trade and other receivables: amounts falling due after one year	3	9,699,572	10,008,530
Trade and other receivables		11,047,110	12,074,919
Cash and cash equivalents		3	3
Current assets		11,047,113	12,074,922
Trade and other payables: amounts falling due within one year	4	(1,283,774)	(2,010,305)
Net current assets		9,763,339	10,064,617
Trade and other payables: amounts falling due after more than one year	4	(9,748,377)	(10,054,193)
Net assets		14,962	10,424
Equity			
Called up share capital		100	100
Retained earnings		24,820	20,759
Other reserves		(9,958)	(10,435)
Total equity		14,962	10,424

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Statement of changes in equity

	Called up share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2014	100	14,025	(10,895)	3,230
Profit for the period	-	2,852	-	2,852
Other comprehensive income for the period	-	-	298	298
At 30 June 2014	100	16,877	(10,597)	6,380

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2015	100	20,759	(10,435)	10,424
Profit for the period	-	4,061	-	4,061
Other comprehensive income for the period	-	-	477	477
At 30 June 2015	100	24,820	(9,958)	14,962

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Cash flow statement Six months ended 30 June 2015

	2015 £'000	2014 £'000
Net cash generated from operations	(7)	398
Taxation paid	(54)	(22)
Net cash (outflow)/inflow from operating activities	(61)	376
Cash flow from investing activities		
Interest received	182,669	181,861
Net cash inflow from investing activities	182,669	181,861
Cash flow from financing activities		
Interest paid	(175,706)	(175,165)
Repayment of short-term loans	(648,232)	-
Increase in short term loans	644,966	-
Decrease in loans with Group undertakings	(3,636)	(7,072)
Net cash outflow from financing activities	(182,608)	(182,237)
Decrease/(increase) in cash in the period	-	-
Cash at beginning of period	3	4
(Decrease)/increase in cash	-	-
Cash at end of period	3	4

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Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the six months ended 30 June 2015 is prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" using the recognition and measurement requirements of Financial Reporting Standard 101 "Reduced Disclosure Framework" and in accordance with the Listing Rules of the UK Listing Authority.

First time application of FRS 100, FRS 101 and FRS 104

Effective from 1 January 2015, the company has adopted FRS 100 "Application of Financial Reporting Requirements", FRS 101 "Reduced Disclosure Framework" and FRS 104 "Interim Financial Reporting". In previous years the financial statements and interim results announcements were prepared in accordance with applicable UK accounting standards and pronouncements on interim reporting issued by the Accounting Standards Board (ASB).

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. Consequently the principal accounting policies set out in the Company's audited Financial Statements 2014 are unchanged and have been consistently applied in the preparation of this Results Announcement.

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 Statement of Financial Position as at 31 December 2014 has been derived from the full accounts published in the Financial Statements 2014, 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.

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 101 "Reduced Disclosure Framework" not to disclose any related party transactions with other wholly owned subsidiaries of the Group. There are no other related party transactions.

Principal risks and uncertainties

The Directors of GlaxoSmithKline plc 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 2014 Annual Report and Second Quarter 2015 Results Announcement which do not form part of this report.

In addition to the Financial Risk Management disclosed in the Treasury Policy Note of the Company's Director's Report and Financial Statements for the year ended 31 December 2014, at a Company level, the principal risks and uncertainties relevant to the Group and the Company's business and financial condition and results would include risks from Global and Political Economic Conditions, Reliance on Information Technology, and the potential impact of new or revised Accounting Standards.

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Reliance on Information Technology

The Company is increasingly dependent on information technology systems, including internet-based systems, for internal communication as well as communication with financial counterparties. Any significant disruption of these systems, whether due to computer viruses or other outside incursions, could materially and adversely affect the Company's operations.

Impact of New or Revised Accounting Standards

New or revised accounting standards, rules and interpretations circulated from time to time by the standard setting board could result in changes to the recognition of income and expense that may adversely impact the Company's reported financial results. The Company believes that it complies with the appropriate regulatory requirements concerning their financial statements and disclosures.

Directors' responsibility statement

The Board of Directors approved this document on 29 July 2015.

The Directors confirm that to the best of their knowledge this unaudited condensed financial information for the six months ended 30 June 2015 has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" and that the interim management report herein includes a true and fair view of the information required by Disclosure and Transparency Rules (DTR) 4.2.7.

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)
29 July 2015

Internet

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

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Notes to the Financial Statements For the six months ended 30 June 2015

1 Taxation	30 June 2015 £'000	30 June 2014 £'000
Tax charge	1,090	845
<i>Tax rate</i>	20.25%	21.50%

The effective tax rate is based on the anticipated charge for taxation for the year to 31 December 2015.

2 Finance income and expense	Period ended 30 June 2015 £'000	Period ended 30 June 2014 £'000
Interest income arising from:		
On loans with Group undertakings	205,468	200,580
Interest expense arising on:		
Cash flow hedge recycling from equity	(477)	(298)
On US Medium Term Notes and European Medium Term Notes	(193,351)	(191,590)
Financial liabilities at amortised cost	(6,136)	(5,011)
	(199,964)	(196,899)
	5,504	3,681

3 Trade and other receivables	30 June 2015 £'000	31 December 2014 £'000
Amounts due within one year		
Amounts owed by Group undertakings – loans	1,192,495	1,934,347
Amounts owed by Group undertakings – current account	155,043	132,042
	1,347,538	2,066,389
Amounts due after one year		
Amounts owed by Group undertakings – loans	9,696,836	10,005,834
Deferred tax	2,736	2,696
	9,699,572	10,008,530
	11,047,110	12,074,919

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Notes to the Financial Statements For the six months ended 30 June 2015

4 Trade and other payables	30 June 2015 £'000	31 December 2014 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings – current accounts	1,737	1,764
Corporation Tax	2,880	1,750
Accruals and deferred income	144,405	126,759
US Medium Term Notes	-	640,661
Euro Medium Term Notes	1,134,752	1,239,371
	<u>1,283,774</u>	<u>2,010,305</u>
Amounts due after one year		
US Medium Term Notes	2,534,185	2,548,745
Euro Medium Term Notes	7,214,192	7,505,448
	<u>9,748,377</u>	<u>10,054,193</u>
	<u>11,032,151</u>	<u>12,064,498</u>

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

The corporation tax creditor contains amounts which will be paid to fellow Group companies.

Accruals and deferred income relates to accrued interest payable on US Medium Term Notes and Euro Medium Term Notes.

The Company repaid the three year \$1 billion US Medium Term Note (£648.2 million) that matured on 8 May 2015. Debt is unsecured and there are no debt covenants in relation thereto.

5 Financial instruments and related disclosures

There are no material differences between the carrying value of the Company's other financial assets and liabilities and their estimated fair value, with the exception of Bonds, for which the carrying values and fair values are set out in the table below.

	<u>30 June 2015</u>	<u>30 June 2015</u>	<u>31 December 2014</u>	<u>31 December 2014</u>
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Bonds designated	3,775,939	3,958,000	4,124,434	4,349,295
Other bonds	7,107,190	8,075,028	7,809,791	9,037,226
	<u>10,883,129</u>	<u>12,033,028</u>	<u>11,934,225</u>	<u>13,386,521</u>