

Issued: 1 August 2012, London, U.K.

GlaxoSmithKline Capital plc

Results Announcement and Interim Management Report for the half year ended 30th June 2012

Performance

GlaxoSmithKline Capital plc ("the Company"), a wholly owned indirect 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 £1,742,000 (H1 2011: £1,073,000).

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.

On 2nd May, 2012 three new bonds were issued under the US F-3 Registration Statement. The three bonds were a US \$1,000,000,000 (£636,943,000), 0.75 per cent coupon bond maturing in May 2015, a US \$2,000,000,000 (£1,273,885,000), 1.50 per cent coupon bond maturing in May 2017; and a US \$2,000,000,000 (£1,273,885,000), 2.85 per cent coupon bond maturing in 2022. The net proceeds of the issuances after discount and fees were US \$4,957,246,000 (£3,157,482,000).

On 18th June, 2012, €750,000,000 (£604,839,000) Euro Medium Term Notes were repaid upon maturity. At 31st December 2011 these notes were classified as due within one year on the Company's balance sheet.

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.

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Profit and loss account

Six months ended 30th June 2012

	Period ended 30th June 2012 £'000	Period ended 30th June 2011 £'000	Year ended 31st December 2011 £'000
Net administrative income/(expense) (including foreign exchange gains and losses)	107	(400)	(403)
Interest payable and similar charges	(205,823)	(214,912)	(414,791)
Interest receivable and similar income	208,058	216,774	418,846
Net interest receivable	2,235	1,862	4,055
Profit on ordinary activities before taxation	2,342	1,462	3,652
Taxation	(600)	(389)	(1,002)
Profit on ordinary activities after taxation	1,742	1,073	2,650

Statement of total recognised gains and losses

Six months ended 30th June 2012

	Period ended 30th June 2012 £'000	Period ended 30th June 2011 £'000	Year ended 31st December 2011 £'000
Profit for the period	1,742	1,073	2,650
Movements in cash flow hedge reserve	206	206	194
Total recognised gains and losses relating to the period	1,948	1,279	2,844

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Balance sheet As at 30th June 2012

	30th June 2012 £'000	31st December 2011 £'000
Debtors: amounts due after one year	8,683,805	5,619,158
Debtors: amounts due within one year	2,005,453	2,651,519
	10,689,258	8,270,677
Cash at bank	4	4
Current assets	10,689,262	8,270,681
Creditors: amounts due within one year	(1,985,533)	(2,633,323)
Net current assets	8,703,729	5,637,358
Total assets less current liabilities	8,703,729	5,637,358
Creditors: amounts due after one year	(8,704,985)	(5,640,562)
Net liabilities	(1,256)	(3,204)
Capital and reserves		
Called up share capital	100	100
Profit and loss account	5,467	3,725
Other reserves	(6,823)	(7,029)
Equity shareholders' deficit	(1,256)	(3,204)

Reconciliation of movements in shareholders' deficit

	Period ended 30th June 2012 £'000	Period ended 30th June 2011 £'000	Year ended 31st December 2011 £'000
Equity shareholders' deficit at beginning of period	(3,204)	(6,048)	(6,048)
Profit for the period	1,742	1,073	2,650
Movement in cash flow hedge reserve	206	206	194
Equity shareholders' deficit at end of period	(1,256)	(4,769)	(3,204)

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Taxation	Period ended 30th June 2012 £'000	Period ended 30th June 2011 £'000	Year ended 31st December 2011 £'000
Tax charge	600	389	1,002
<i>Tax rate</i>	24.5%	26.5%	26.5%

The effective tax rate is based on the anticipated charge for taxation for the year to 31st December 2012.

Net interest receivable	Period ended 30th June 2012 £'000	Period ended 30th June 2011 £'000	Year ended 31st December 2011 £'000
Interest payable and similar charges			
Cash flow hedge recycling from equity	(206)	(206)	(194)
On Medium Term Notes and European Medium Term Notes	(201,115)	(210,499)	(406,699)
Amortisation of bond expenses	(4,502)	(4,207)	(7,898)
	(205,823)	(214,912)	(414,791)
Interest receivable and similar income			
On loans with Group undertakings	208,058	216,774	418,846
	2,235	1,862	4,055

Debtors

Amounts due within one year

	30th June 2012 £'000	31st December 2011 £'000
Amounts owed by Group undertakings – loans	1,830,901	2,515,232
Amounts owed by Group undertakings – current accounts	174,172	135,856
Deferred tax	380	431
	2,005,453	2,651,519

Amounts due after one year

Amounts owed by Group undertakings – loans	8,683,805	5,619,158
	10,689,258	8,270,677

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Creditors	30th June 2012 £'000	31st December 2011 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings – current accounts	2,575	2,574
Tax	1,400	853
Accruals and deferred income	167,880	132,129
European Medium Term Notes	1,813,678	2,497,767
	1,985,533	2,633,323
Amounts falling due after one year		
Medium Term Notes	3,158,073	-
European Medium Term Notes	5,546,912	5,640,562
	8,704,985	5,640,562
	10,690,518	8,273,885

On 2nd May 2012, US \$5,000,000,000 (£3,184,713,000) Medium Term Notes were issued under the US F-3 Registration Statement. On 18th June 2012, €750,000,000 (£604,839,000) Euro Medium Term Notes were repaid upon maturity.

The overall foreign exchange gain for the period was £69,188,000. This was a result of a weakening of the Euro against Sterling, and was partially offset by a strengthening of the US Dollar against Sterling since the Medium Term Notes were issued in May 2012.

In addition to the foreign exchange gain, £4,502,000 of amortised bond issue costs were incurred in the period to 30th June 2012 (year ended 31st December 2011: £7,898,000).

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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 2012 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 2011.

This unaudited 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 2011 has been derived from the full accounts published in the Financial Statements 2011, 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.

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 2011 Annual Report which does 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 31st December 2011, 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 and the potential impact of new or revised Accounting Standards.

Global and Political Economic Conditions

Many of the world's largest economies, including the major markets in which the Group operates, and financial institutions have in the recent past faced extreme financial difficulty, including a decline in asset prices, liquidity problems and limited availability of credit. The economic uncertainty continued in 2011 and 2012, with multiple downgrades of sovereign credit ratings, particularly in the Eurozone. High levels of sovereign debt are negatively impacting growth in the global economy. It is uncertain how long these effects will last, or whether economic and financial trends will worsen or improve. The Group and the Company have no control over changes in inflation, interest rates, foreign currency exchange rates and controls or other economic factors that may affect it or the Company, or the possibility of legal and regulatory changes in jurisdictions in which the Group or the Company operates.

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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 Group's and the Company's reported financial results. The Group and 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 1st August 2012.

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.

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)
1st August 2012

Internet

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

