

Issued: 31 July 2014, London, U.K.

GlaxoSmithKline Capital plc

Results announcement and interim management report for the half year ended 30 June 2014

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 £2,852,000 (H1 2013: £3,128,000).

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.

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 30 June 2014

	Period ended 30 June 2014 £'000	Period ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Net administrative income / (expense)	<u>16</u>	<u>149</u>	<u>(656)</u>
Interest payable and similar charges	(196,899)	(208,773)	(413,739)
Interest receivable and similar income	200,580	212,765	422,225
Net interest receivable	<u>3,681</u>	<u>3,992</u>	<u>8,486</u>
Profit on ordinary activities before taxation	3,697	4,141	7,830
Taxation	<u>(845)</u>	<u>(1,013)</u>	<u>(1,845)</u>
Profit on ordinary activities after taxation	<u>2,852</u>	<u>3,128</u>	<u>5,985</u>

Statement of total recognised gains and losses Six months ended 30 June 2014

	Period ended 30 June 2014 £'000	Period ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Profit for the period	2,852	3,128	5,985
Movements in cash flow hedge reserve	<u>298</u>	<u>298</u>	<u>596</u>
Total recognised gains and losses relating to the period	<u>3,150</u>	<u>3,426</u>	<u>6,581</u>

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Balance sheet As at 30 June 2014

	30 June 2014 £'000	31 December 2013 £'000
Debtors: amounts due after one year	9,197,136	9,981,921
Debtors: amounts due within one year	776,031	172,863
	9,973,167	10,154,784
Cash at bank	4	4
Current assets	9,973,171	10,154,788
Creditors: amounts due within one year	(730,629)	(129,478)
Net current assets	9,242,542	10,025,310
Creditors: amounts due after one year	(9,236,162)	(10,022,080)
Net assets	6,380	3,230
Capital and reserves		
Called up share capital	100	100
Profit and loss account	16,877	14,025
Other reserves	(10,597)	(10,895)
Equity shareholders' funds	6,380	3,230

Reconciliation of movements in shareholders' funds / (deficit)

	Period ended 30 June 2014 £'000	Period ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Equity shareholders' funds / (deficit) at beginning of period	3,230	(3,351)	(3,351)
Profit for the period	2,852	3,128	5,985
Movement in cash flow hedge reserve	298	298	596
Equity shareholders' funds at end of period	6,380	75	3,230

GlaxoSmithKline Capital plc

Taxation	Period ended 30 June 2014 £'000	Period ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Tax charge	845	1,013	1,845
<i>Tax rate</i>	21.5%	23.25%	23.25%

The effective tax rate is based on the anticipated charge for taxation for the year to 31 December 2014.

Net interest receivable	Period ended 30 June 2014 £'000	Period ended 30 June 2013 £'000	Year ended 31 December 2013 £'000
Interest payable and similar charges			
Cash flow hedge recycling from equity	(298)	(298)	(596)
On Medium Term Notes and European Medium Term Notes	(191,590)	(203,095)	(402,858)
Amortisation of bond expenses	(5,011)	(5,380)	(10,285)
	(196,899)	(208,773)	(413,739)
Interest receivable and similar income			
On loans with Group undertakings	200,580	212,765	422,225
	3,681	3,992	8,486

Debtors	30 June 2014 £'000	31 December 2013 £'000
Amounts due within one year		
Amounts owed by Group undertakings – loans	624,766	39,628
Amounts owed by Group undertakings – current accounts	151,265	133,235
	776,031	172,863
Amounts due after one year		
Amounts owed by Group undertakings – loans	9,197,013	9,981,748
Deferred tax	123	173
	9,197,136	9,981,921
	9,973,167	10,154,784

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Creditors	30 June 2014 £'000	31 December 2013 £'000
Amounts falling due within one year		
Amounts owed to Group undertakings – current accounts	22	44
Corporation Tax	2,515	1,720
Accruals and deferred income	144,139	127,714
European Medium Term Notes	583,953	-
	<hr/>	<hr/>
	730,629	129,478
	<hr/>	<hr/>
Amounts falling due after one year		
European Medium Term Notes	6,912,527	7,029,011
US Medium Term Notes	2,323,635	2,993,069
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	9,236,162	10,022,080
	<hr/>	<hr/>
	9,966,791	10,151,558
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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.

Debt is unsecured and there are no debt covenants in relation thereto.

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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.

Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the six months ended 30 June 2014 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 2013.

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 31 December 2013 has been derived from the full accounts published in the Financial Statements 2013, 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 2013 Annual Report and the Second Quarter 2014 Results Announcement which do not form part of this report.

In addition to the Financial Risk Management disclosed in the Treasury Policy Note of Company's Director's Report and Financial Statements for the year ended 31 December 2013, 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.

Global and Political Economic Conditions

Global economic growth for the first half of 2014 continued to be affected by the fallout from the international financial crisis that began in 2008. The Group has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting it or the Company, or the possibility of legal and regulatory changes in jurisdictions in which the Group or the Company operates.

Group liquidity is managed centrally by borrowing in order to meet anticipated funding requirements and investing centrally managed liquid assets in bank deposits and Aaa/AAA rated US Treasury and Treasury repo only money market funds. Group cash flow forecast and funding requirements are monitored on a monthly basis and the strategy is to have diversified liquidity sources using a range of facilities and to maintain broad access to funding markets.

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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 Group's and the Company's reported financial results. The Group 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 31 July 2014.

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)
31 July 2014

Internet

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