

GLAXOSMITHKLINE PLC

Form 6-K

July 22, 2009

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the period ending 22nd July 2009

GlaxoSmithKline plc

(Name of registrant)

980 Great West Road,

Brentford,

Middlesex, TW8 9GS

(Address of principal executive offices)

Indicate by check mark if the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-Fx Form 40-Fo

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yeso Nox

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Date: July 22nd 2009

GlaxoSmithKline plc
(Registrant)

By: /s/ Victoria Whyte

VICTORIA WHYTE
Authorised Signatory for and on behalf of
GlaxoSmithKline plc

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**Press
Release**

Issued: Wednesday, 22nd July 2009, London, U.K.

Results announcement and interim management report for the second quarter and half year 2009

GSK delivers Q2 EPS of 31p before major restructuring* and dividend of 14p up 8%

- Improving performance to continue in second half of 2009

- Good progress made to deliver strategic priorities

Results before major restructuring*

	Q2 2009			H1 2009		
	£m	CER%	£%	£m	CER%	£%
Turnover	6,747	(2)	15	13,516	(3)	17
Earnings per share	31.0p	(4)	14	57.3p	(16)	8
Total results						

	Q2 2009			H1 2009		
	£m	CER%	£%	£m	CER%	£%
Turnover	6,747	(2)	15	13,516	(3)	17
Restructuring charges	186			450		
Earnings per share	28.3p	(4)	15	50.6p	(21)	3

The full results are presented under Income Statement on pages 10 and 17.

* For explanations of the measures results before major restructuring and CER growth, see page 9.

Summary

EPS before major restructuring 31p down 4% CER, up 14% in sterling terms; improving performance to continue in H2 2009

Group turnover £6.7 billion (-2%) due to generic competition to US pharmaceuticals

Strong sales growth in Consumer to £1.2 billion (+9%), Vaccines to £0.8 billion (+14%)

Emerging Markets £0.7 billion (+14%); 4 bolt on transactions announced in Q2

New products contributed £377 million to Q2 sales (Q1: £265 million)

H1N1 vaccine contracts for 195 million doses received; Relenza capacity expected to triple to 190 million doses per year by end 2009

Menhibrix new meningitis vaccine for infants aged 2 months to be filed in US in H2

Horizon programme to enter phase III development for COPD in October

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GSK's strategic priorities

GSK has focused its business around the delivery of three strategic priorities, which aim to increase growth, reduce risk and improve GSK's long-term financial performance:

Grow a diversified global business

Deliver more products of value

Simplify GSK's operating model

Chief Executive Officer's review

Today's results indicate a marked improvement on the first quarter and I expect this to continue in the second half of 2009 as the year-on-year comparative effect of US generic competition reduces and we see further sales contributions from new products and our influenza portfolio.

I am also pleased with the progress we have made to change GSK since I set out our new strategic priorities last year. In the second quarter, Group turnover was down 2%, impacted by the performance of our US pharmaceuticals business, where sales declined 15% to £2.3 billion.

In contrast, revenues across all other areas of GSK's business grew. We saw particularly strong performances in key investment areas such as Emerging Markets, up 14% to £0.7 billion and Consumer Healthcare with sales up 9% to £1.2 billion.

I would also like to emphasise the progress of our new products. Altogether, these contributed £377 million to sales in the second quarter, compared to £265 million in the first quarter of 2009. Sales of new vaccines, *Rotarix* and *Cervarix*, were significant contributors to this growth.

The outlook for our US business is improving; however, we are in the midst of a key period of transition for this business. We are working through a phase of extensive generic competition and building new capabilities to compete effectively in what is a rapidly changing environment for the pharmaceutical industry.

The scale of change we are undertaking in the USA is significant and I am confident that we are on the right path to maximise the opportunities of our new product portfolio and deliver long-term future growth. GSK currently has 6 products filed with the FDA and 12 new products have been launched in the USA since 2007.

Grow a diversified global business

Increasing diversification of GSK's business is core to our strategy and I am pleased to see evidence of our move towards a more balanced business. 31% of sales generated in the second quarter could be categorised as white pill/western market. This compares to 38% in the second quarter of last year. This quarter also saw 17 products generate sales of more than £100 million, compared to 14 this time last year.

These trends reflect the impact of the investments we are making to broaden GSK's portfolio and geographic sales contribution.

Over the last twelve months, we have entered into 8 transactions to accelerate sales growth in Emerging Markets. Four of these transactions were announced this quarter: an extension of our partnership with Aspen, a new alliance with Dr Reddy's, further product acquisitions from BMS and a commitment to establish a joint venture in China with Neptunus to develop influenza vaccines.

Progress of our emerging markets strategy is demonstrated by the increasing sales contribution of this region.

Aggregate sales this quarter represented 13% of pharmaceutical revenue, 1.5 percentage points higher than the second quarter last year.

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**Press
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I continue to see Japan as another key growth market for GSK. New products have contributed more than £100 million in revenue so far this year, and sales of *Adoair* alone are tracking at a level of more than £150 million for full year 2009.

Over the next 2 years, we expect to launch many more products in Japan including new molecular entities, such as *Avolve/Avodart*, *Cervarix*, *Volibiris* and *Revolade*. We also have opportunities to supplement currently marketed products with new indications, for example *Lamictal* to treat bipolar disorder.

During the quarter, we saw the emergence of pandemic (H1N1) 2009 influenza as a global pandemic threat.

GSK has made substantial investments of more than \$2 billion to develop and manufacture vaccines and treatments for influenza. Since the outbreak of the virus, we have committed additional investment to increase production levels of *Relenza* and effectively develop a new adjuvanted H1N1 vaccine.

By the end of 2009, we now expect to have an annual production capacity of *Relenza* of 190 million treatment courses. This will represent more than a threefold increase to our previously announced maximum capacity of 60 million courses. We will be achieving this by increasing production levels of *Relenza Diskhaler* and building new capacity for manufacture of *Relenza Rotacaps*.

Last month, we started production of an H1N1 adjuvanted vaccine and we are on track to meet the orders placed by many governments and the WHO for the vaccine and our novel adjuvant. To date we have contracts in place to supply 195 million doses of the vaccine. We also have a variety of agreements in place with the US Government to supply pandemic products worth \$250 million. Discussions with over 50 governments are ongoing, with many at advanced stages, and I therefore expect further significant orders. Shipments are expected in the second half of 2009 and early 2010.

We have also announced donations to the WHO for supplies of the vaccine and *Relenza* for use in developing countries; and we are reserving production capacity to support these nations.

In these last 3 months, governments have rapidly strengthened their pandemic stockpile and prevention strategies, and whilst we are currently seeing a heightened period of demand, it is likely that we will see a sustained level of orders for pandemic products over the next few years.

The energy we have created to drive forward our Consumer Healthcare business is now very evident with Q2 growth of 9% versus estimated global market growth of 1%. Sales grew at double-digit rates in European and Rest of World markets and I was especially pleased to see growth in the USA sustained from the first quarter. Over the last 12 months, we have significantly restructured the US part of the consumer business and re-focused our investment. Importantly, we are continuing to gain market share, even in static markets. Consumption of our oral healthcare products, for example, grew by 3% in the USA and 4% in the UK compared to category growth of 0% and 1% respectively.

These gains in sales and market share are strong validation of our brand innovation capability and our strategy to maintain levels of A&P investment. Brand innovations launched in the last 3 years contributed sales of more than £100 million this quarter.

One of the key drivers of growth for our Consumer business in the quarter was the European launch of *alli*, our new anti-obesity treatment; *alli* reached consumers in 24 markets in just 8 weeks and was the single biggest driver of European OTC category growth in the quarter. The product is well on its way to becoming a major global OTC brand and we will start to launch it in markets outside the USA and Europe in the third quarter.

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Deliver more products of value

During the quarter, I have visited many of our new Discovery Performance Units and I am delighted with the speed and energy that is evident in these labs. We also continue to externalise our R&D efforts and, in the quarter, signed two new development agreements with Concert Pharmaceuticals and Chroma Therapeutics.

We are now focusing on improving productivity and return on investment within our Development organisation, and I have personally joined one of the teams involved in this project.

We continue to maintain around 30 products in the late-stage pipeline and over the last 12 months, have seen good progress of assets moving through development, with initiation of 7 new phase III programmes. Over this same period, we terminated investment in 5 assets, as they were unable to demonstrate either sufficient risk:benefit or differentiation.

These numbers point to a stability in GSK's R&D productivity, but also highlight that product development remains challenging and that disciplined allocation of capital in R&D is paramount.

Today, we have announced two key developments in the late-stage pipeline. We now intend to file *Menhibrix* in the USA during the second half of 2009. This is a new vaccine to prevent meningitis in infants aged two months and above. As potentially the first vaccine for use with this age group, it will meet a currently unmet medical need.

We have also announced that phase III trials of our Horizon respiratory development programme will start in COPD in October.

Two other significant events are worth noting. Phase III results were announced earlier this week for *Benlysta*, which has the potential to become the first new treatment for systemic lupus in more than 50 years. In addition, phase III trials started this quarter for *Mosquirix*, our vaccine to prevent malaria, a disease which continues to be one of the global community's greatest public health challenges.

We presented meaningful clinical data for several key oncology assets this quarter: *Cervarix*, *Avodart* and pazopanib. All these data are supportive of effective product differentiation and their potential value to patients and payers.

Simplify GSK's operating model

We are making good progress to deliver cost reduction through our restructuring programme. Cumulative annualised cost savings amount to £900 million and we are very much on track to deliver our target of £1.7 billion annual pre-tax cost savings by 2011.

So far, we have made changes to our commercial model in traditional and emerging markets, we have restructured our drug discovery operations and we continue to streamline our Global Manufacturing and Supply organisation, including divestments and site closures. As part of our restructuring programme, we have also started to reduce costs in our support functions to realise a target cost reduction of 20% in these areas by 2011.

Our programme to reduce working capital is also progressing well and has now delivered underlying cash flow benefits of over £1 billion to improve our cost base.

Delivering cost reduction though is not enough. We must also do more to simplify our operations. Of all the areas where we have made progress in the last 12 months, this is one in which I want to see an acceleration of activity. We have instigated a further series of programmes to do this, including a move towards a single Enterprise Resource Planning (ERP) platform.

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Outlook

We have made substantive progress on many levels to deliver our strategic priorities to positively affect both short and long-term performance.

This includes strengthening our Emerging Markets business and maximising the value of our core portfolio; targeted non-core product divestments; re-energising our Consumer Healthcare business; developing more balanced and disciplined means to allocate R&D capital and significantly accelerating our costs savings programme.

However, these are only the first steps that GSK must take to catalyse the opportunity I set out a year ago of creating a more balanced business which delivers sustainable growth. I am confident that we can achieve this goal and capitalise on our improving outlook for 2009.

Andrew Witty

Chief Executive Officer

A video interview with Andrew Witty discussing today's results and GSK's strategic progress is available on www.gsk.com or www.cantos.com

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Trading update

Turnover and key product movements impacting performance Q2 2009

Total group turnover fell 2% to £6.7 billion, with a decline in total pharmaceutical turnover of 4% to £5.6 billion partially offset by strong growth from the Consumer Healthcare division, up 9% to £1.2 billion.

Within pharmaceuticals, US turnover declined 15% to £2.3 billion as this business continues to be impacted by generic competition to several mature brands. Outside the USA, European sales grew 1% to £1.7 billion, sales in Emerging Markets grew 14% to £720 million and sales in Asia-Pacific/Japan rose 6% to £609 million.

Seretide/Advair sales grew 9% in the quarter to £1.2 billion, with US sales up 7% to £648 million and European sales up 3% to £401 million. Total *Advair* growth was boosted by the particularly strong performance of the product in Emerging Markets (up 17% to £73 million) and in Japan (sales more than doubled to £47 million) where *Adoair* is now approved for both asthma and COPD and GSK recently entered a co-promotion agreement with Tanabe. Other strong respiratory product performances included *Veramyst*, sales of which more than doubled to £47 million, and *Ventolin* which grew 23% to £112 million driven by a strong US performance where the product is benefiting from successful retail contracting initiatives.

Vaccines sales grew 14% to £756 million with growth in all regions: USA (up 22% to £196 million), Europe (up 7% to £320 million) and Rest of World (up 20% to £240 million). The overall vaccine performance included strong contributions from both *Cervarix*, which more than doubled to £73 million, and *Rotarix*, which grew 69% to £71 million in the quarter. These contributions were offset to some extent by the continued pressure on the *Infanrix/Pediarix* franchise (down 20% to £154 million) from increased competition in the DTPa segment.

Relenza sales were £60 million in the quarter (Q2 2008: £3 million) reflecting continued orders from governments across the world for pandemic stock-piling. Other strong pharmaceutical sales performances in the quarter included *Valtrex* (up 9% to £379 million), *Avodart* (up 21% to £134 million) and *Lovaza* (up 22% to £104 million).

Total sales of HIV products were down 10% to £382 million due to the declining use of older combinations such as *Combivir* (down 17% to £102 million) and *Trizivir* (down 18% to £48 million). GSK's newer medicine *Epzicom/Kivexa* grew 6% to £129 million.

Product sales significantly impacted by generic competition in the USA included: *Lamictal* (down 73% to £103 million), *Imigran/Imitrex* (down 65% to £68 million) and *Flonase* (down 46% to £39 million).

Sales of *Wellbutrin* were £30 million, down 72%, reflecting the sale in May 2009 of commercial rights to *Wellbutrin XL* in the USA to Biovail International Laboratories for \$510 million (£340 million).

Total Consumer Healthcare sales grew 9% to £1.2 billion with growth across all regions: Europe up 10% to £505 million, Rest of World up 11% to £406 million and USA up 3% to £254 million.

Sales of oral healthcare products were up 7% to £366 million with continued strong growth of *Sensodyne* (up 14% to £113 million). *Aquafresh* franchise sales were down 1% to £121 million. Sales of the newly acquired dry mouth product, *Biotene*, were £6 million. Nutritional sales were £226 million, up 2%, as strong growth from *Horlicks* (up 17% to £61 million) helped offset a sales decline in *Lucozade* (down 4% to £106 million) which continued to be impacted by lower sales in the impulse segment of the market. OTC product sales grew 13% to £573 million. The launch of anti-obesity treatment *alli* throughout Europe started during the quarter helping to more than double the product's global sales to £82 million. Other strong OTC performances included smoking cessation products (up 12% to £88 million) and the *Panadol* franchise (up 8% to £94 million), helped by the acquisition of *Alvedon*.

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Operating profit and earnings per share commentary Q2 2009

Results before major restructuring

Operating profit before major restructuring for Q2 2009 was £2,381 million, a 6% decline in CER terms.

Cost of sales was 24.0% of turnover, slightly below Q1 2009 but higher than prior year (Q2 2008: 23.4%), principally reflecting the impact of generic competition to higher margin products in the USA.

SG&A costs as a percentage of turnover increased to 33.0% in the quarter. This reflected investment in growth markets, increased legal costs and significant exchange losses on inter-company transactions, partially offset by the benefits of the restructuring programme. Excluding legal costs of £85 million and exchange losses of £95 million, SG&A costs were 30.3% of turnover (Q2 2008: 30.0%). The company now expects SG&A costs, excluding legal charges to be around 29% of turnover in 2009 (2008: 27.7%).

R&D expenditure was 13.7% of turnover in the quarter, in line with Q2 2008.

In the quarter, gains from asset disposals were £346 million (Q2 2008: £167 million), costs for legal matters were £85 million (Q2 2008: £3 million income) and fair value movements on financial instruments were nil (Q2 2008: £34 million charge).

Other operating income in the quarter was £405 million including asset disposals of £346 million, primarily reflecting the disposal of *Wellbutrin XL*, and royalty income of £59 million (Q2 2008: £68 million), partially offset by some equity investment impairments.

EPS before major restructuring of 31.0p decreased 4% in CER terms (a 14% increase in sterling terms) compared with Q2 2008. The favourable currency impact of 18 percentage points reflected the weakness of Sterling against most major currencies, compared with last year.

The current restructuring programme has achieved annualised cost savings of £900 million and remains on track to deliver cumulative annual savings of £1.7 billion by the end of 2011.

Total results after restructuring

Operating profit after restructuring for Q2 2009 was £2,195 million, a 5% decline in CER terms. This included £186 million of restructuring charges related to the current restructuring programme (Q2 2008: £187 million); £71 million was charged to cost of sales (Q2 2008: £138 million), £65 million to SG&A (Q2 2008: £31 million) and £50 million to R&D (Q2 2008: £18 million). EPS after restructuring of 28.3p decreased 4% in CER terms (a 15% increase in sterling terms) compared with Q2 2008.

Cash flow and net debt

Net cash inflow from operating activities for H1 2009 was £3,499 million, up 10% in sterling terms. This was used to fund net interest of £326 million, capital expenditure on property, plant and equipment and intangible assets of £850 million, acquisitions of £673 million and the dividend paid to shareholders of £1,586 million.

Net debt decreased by £1.6 billion (£1.3 billion due to exchange movements) during the period to £8.6 billion at 30th June 2009, comprising gross debt of £14.2 billion and cash and liquid investments of £5.6 billion.

At 30th June 2009, GSK had short-term borrowings (including overdrafts) repayable within 12 months of £1.2 billion with no further borrowings repayable in the subsequent year.

On 6th July 2009, GSK issued a 1.6 billion bond under its Euro Medium Term Note programme. The bond matures on 6th July 2015 and has a coupon of 3.875%.

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Dividends

The Board has declared a second interim dividend of 14 pence per share (Q2 2008: 13 pence), making 28 pence for the half year. The equivalent interim dividend receivable by ADR holders is 46.0936 cents per ADS based on an exchange rate of £1/\$1.6462. The ex-dividend date will be 29th July 2009, with a record date of 31st July 2009 and a payment date of 8th October 2009.

Currency impact

The Q2 results are based on average exchange rates, principally £1/\$1.56, £1/ 1.13 and £1/Yen 150. The H1 exchange rates are given on page 31. The period end exchange rates were £1/\$1.65, £1/ 1.17 and £1/Yen 159. If exchange rates were to hold at these period end levels for the rest of 2009, the estimated positive impact on full year 2009 sterling EPS growth before major restructuring would be approximately 15 percentage points.

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GlaxoSmithKline (GSK) together with its subsidiary undertakings, the Group one of the world's leading research-based pharmaceutical and healthcare companies is committed to improving the quality of human life by enabling people to do more, feel better and live longer. GlaxoSmithKline's website www.gsk.com gives additional information on the Group. Information made available on the website does not constitute part of this document.

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Results before major restructuring

Results before major restructuring is a measure used by management to assess the Group's financial performance and is presented after excluding restructuring charges relating to the Operational Excellence programme, which commenced in October 2007 and the acquisition of Reliant Pharmaceuticals in December 2007. Management believes that this presentation assists shareholders in gaining a clearer understanding of the Group's financial performance and in making projections of future financial performance, as results that include such costs, by virtue of their size and nature, have limited comparative value.

CER growth

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

Brand names and partner acknowledgements

Brand names appearing in italics throughout this document are trademarks of GSK or associated companies with the exception of *Levitra*, a trademark of Bayer, *Bonviva/Boniva*, a trademark of Roche, and *Vesicare*, a trademark of Astellas Pharmaceuticals in many countries and of Yamanouchi Pharmaceuticals in certain countries, all of which are used under licence by the Group.

Cautionary statement regarding forward-looking statements

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk Factors' in the 'Business Review' in the company's Annual Report on Form 20-F for 2008.

GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom

Registered in England and Wales. Registered number: 3888792

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RELEASE****Income statement****Three months ended 30th June 2009**

	Results before major restructuring		Major restructuring	Total Q2 2009 £m	Results before major restructuring	Major restructuring	Total Q2 2008 £m
	Q2 2009 £m	CER%	Q2 2009 £m		Q2 2008 £m	Q2 2008 £m	
TURNOVER	6,747	(2)		6,747	5,874		5,874
Cost of sales	(1,621)	6	(71)	(1,692)	(1,375)	(138)	(1,513)
Gross profit	5,126	(4)	(71)	5,055	4,499	(138)	4,361
Selling, general and administration	(2,227)	3	(65)	(2,292)	(1,765)	(31)	(1,796)
Research and development	(923)		(50)	(973)	(802)	(18)	(820)
Other operating income	405			405	194		194
OPERATING PROFIT	2,381	(6)	(186)	2,195	2,126	(187)	1,939
Finance income	18			18	96		96
Finance costs	(166)		(2)	(168)	(214)		(214)
Share of after tax profits of associates and joint ventures	17			17	15		15
PROFIT BEFORE TAXATION	2,250	(6)	(188)	2,062	2,023	(187)	1,836
Taxation	(652)		51	(601)	(577)	48	(529)
<i>Tax rate %</i>	29.0%			29.1%	28.5%		28.8%
PROFIT AFTER TAXATION FOR THE PERIOD	1,598	(7)	(137)	1,461	1,446	(139)	1,307
Profit attributable to minority interests	26			26	21		21

Profit attributable to shareholders	1,572	(137)	1,435	1,425	(139)	1,286
	1,598	(137)	1,461	1,446	(139)	1,307
EARNINGS PER SHARE	31.0p	(4)	28.3p	27.2p		24.6p
Diluted earnings per share	30.8p		28.1p	27.0p		24.4p

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	£m	Total CER%	£m	USA CER%	£m	Europe CER%	Rest of World £m	CER%
Respiratory	1,734	6	825	5	550	2	359	16
<i>Avamys/Veramyst</i>	47	>100	18	7	16	>100	13	>100
<i>Flixonase/Flonase</i>	39	(46)	8	(82)	12	(25)	19	6
<i>Flixotide/Flovent</i>	189	1	97	12	43	(5)	49	(11)
<i>Seretide/Advair</i>	1,245	9	648	7	401	3	196	27
<i>Serevent</i>	59	(21)	18	(13)	29	(18)	12	(38)
<i>Ventolin</i>	112	23	32	>100	36	3	44	(3)
<i>Zyrtec</i>	17	63					17	63
Anti-virals	952	5	496	10	236	(2)	220	5
HIV	382	(10)	164	(8)	156	(14)	62	(5)
<i>Agenerase, Lexiva</i>	43	(8)	23	6	16	(13)	4	(50)
<i>Combivir</i>	102	(17)	44	(15)	37	(25)	21	(5)
<i>Epivir</i>	31	(24)	11	(18)	12	(33)	8	(13)
<i>Epzicom/Kivexa</i>	129	6	50		59		20	55
<i>Trizivir</i>	48	(18)	25	(13)	20	(25)	3	
<i>Ziagen</i>	25	(19)	11	(18)	9	(20)	5	(20)
<i>Valtrex</i>	379	9	291	16	39	(3)	49	(15)
<i>Relenza</i>	60	>100	19	>100	25	>100	16	
<i>Zeffix</i>	55	(4)	5	(25)	8	17	42	(5)
Central nervous system	449	(53)	142	(79)	144	(8)	163	4
<i>Imigran/Imitrex</i>	68	(65)	33	(79)	23	(13)	12	
<i>Lamictal</i>	103	(73)	45	(86)	38	(8)	20	(6)
<i>Requip</i>	51	(22)	6	(78)	35	3	10	
<i>Requip XL</i>	30	>100	8		22	>100		
<i>Seroxat/Paxil</i>	138	(13)	13	(31)	27	(19)	98	(8)
<i>Treximet</i>	12	25	12	25				
<i>Wellbutrin, Wellbutrin XL</i>	30	(72)	20	(81)	7	100	3	(20)
Cardiovascular and urogenital	580	10	360	12	145	2	75	19
<i>Arixtra</i>	61	39	33	63	23	24	5	
<i>Avodart</i>	134	21	83	16	37	21	14	44
<i>Coreg, Coreg CR</i>	51	(9)	50	(7)			1	(100)
<i>Fraxiparine</i>	58	(9)			43	(15)	15	17
<i>Levitra</i>	18	8	17		1			
<i>Lovaza</i>	104	22	104	24				
<i>Vesicare</i>	26	31	26	31				
<i>Volibris</i>	4				4			

Metabolic	303	(12)	149	(17)	71	(11)	83	(4)
<i>Avandia</i> products	198	(14)	107	(19)	46	(18)	45	2
<i>Avandia</i>	121	(19)	71	(22)	18	(20)	32	(12)
<i>Avandamet</i>	67	(7)	29	(8)	26	(18)	12	38
<i>Bonviva/Boniva</i>	66	(2)	41	(11)	23	6	2	100
Anti-bacterials	381	3	46	(8)	146	(4)	189	12
<i>Augmentin</i>	146	2	11	13	61		74	3
Oncology and emesis	166	19	88	19	50	12	28	32
<i>Hycamtin</i>	43	3	24	5	15	17	4	(50)
<i>Promacta</i>	3		3					
<i>Tyverb/Tykerb</i>	41	64	17	18	18	88	6	>100
<i>Zofran</i>	30	(16)	4	(25)	14	(25)	12	
Vaccines	756	14	196	22	320	7	240	20
<i>Boostrix</i>	39	78	21	78	10	14	8	>100
<i>Cervarix</i>	73	>100			63	>100	10	100
<i>Fluarix, FluLaval</i>	14	>100	3				11	83
Flu Pre-Pandemic	30	(26)	25		5	(86)		
Hepatitis	195	(2)	87	2	72	(8)	36	7
<i>Infanrix, Pediarix</i>	154	(20)	38	(43)	91	(13)	25	(4)
<i>Rotarix</i>	71	69	22		12	20	37	20
<i>Synflorix</i>	12				10		2	
Other	261	(1)	2	>100	84		175	(4)
	5,582	(4)	2,304	(15)	1,746	1	1,532	10

Pharmaceutical turnover includes co-promotion income.

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Table of Contents**PRESS****RELEASE****Consumer Healthcare turnover****Three months ended 30th June 2009**

	£m	Total CER%	£m	USA CER%	£m	Europe CER%	Rest of World £m	CER%
Over-the-counter medicines	573	13	183	1	185	31	205	8
<i>Alli</i>	82	>100	25	12	56		1	
<i>Breathe Right</i>	20	(6)	10	(20)	5		5	33
Cold sore franchise	20	(11)	9	(22)	8		3	
Nicotene replacement therapy	88	12	68	13	15	8	5	20
<i>Panadol</i>	94	8			20	11	74	7
<i>Tums</i>	25	(5)	22	(5)			3	
Oral healthcare	366	7	71	10	190	4	105	13
<i>Aquafresh</i> franchise	121	(1)	21	(6)	71	(2)	29	(4)
<i>Biotene</i>	6		5		1			
Denture care	84	9	20		32	7	32	17
<i>Sensodyne</i> franchise	113	14	23	20	50	7	40	21
Nutritional healthcare	226	2			130	(5)	96	14
<i>Horlicks</i>	61	17			4	(20)	57	21
<i>Lucozade</i>	106	(4)			92	(5)	14	8
<i>Ribena</i>	44	(2)			33	(6)	11	11
	1,165	9	254	3	505	10	406	11

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Table of Contents**PRESS****RELEASE****GSK's late-stage pharmaceuticals and vaccines pipeline**

The table below is provided as part of GSK's quarterly update to show events and changes to the late stage pipeline during the quarter and up to the date of announcement.

The following assets were listed as approved or terminated in the last quarterly update and are no longer included in the table: rosiglitazone XR, *Synflorix*

Biopharmaceuticals		USA	EU	News update in the quarter
Mepolizumab	HES	Ph III	Filed	US filing strategy under review.
<i>Arzerra</i> (ofatumumab)	CLL	Filed Jan 2009	Filed Feb 2009	Positive FDA ODAC review 29th May 2009. PDUFA date moved to 31st October 2009 for FDA to review additional chemistry and manufacturing data submitted 5th June 2009.
	NHL	Ph III	Ph III	
	RA	Ph III	Ph III	
<i>Benlysta</i> (belimumab)	Systemic lupus	Ph III	Ph III	Positive Phase III results announced 20th July.
Otelixizumab	Type 1 diabetes	Ph III	Ph III	
<i>Syncria</i>	Type 2 diabetes	Ph III	Ph III	Phase IIB data presented at ADA.
Cardiovascular & Metabolic		USA	EU	News update in the quarter
<i>Arixtra</i>	Acute coronary syndromes	Filed	Approved	
<i>Avandamet XR</i>	Type II diabetes	Ph III	Ph III	Filing strategy under review.
<i>Avandia</i> + statin	Type II diabetes	Ph III	Ph III	Filing strategy under review.
<i>Tyrisa</i> (darapladib)	Atherosclerosis	Ph III	Ph III	
Neurosciences		USA	EU	News update in the quarter
<i>Lamictal XR/ODT</i>	Epilepsy	Approved May 2009	n/a	ODT approved 8th May 2009. XR approved 29th May 2009. XR filing for Primary Generalised Tonic Clonic accepted by FDA 8th June 2009.
<i>Lunivia</i>	Sleep disorders	n/a	Filed	EU commercialisation agreement with Sepracor jointly terminated 30th April 2009.
<i>Solzira</i>	RLS	Filed Jan 2009	Ph III	RLS PDUFA date 9th November 2009. Phase II PDN data available 27th April 2009. <i>Solzira</i> did not differentiate from active or placebo in this study.
Almorexant	Primary insomnia	Ph III	Ph III	
Retigabine	Epilepsy	Ph III	Ph III	

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Oncology		USA	EU	News update in the quarter
<i>Promacta/Revolade</i>	Chronic ITP	Approved	Filed	
	Hepatitis C / CLD	Ph III	Ph III	
<i>Avodart</i>	Prostate cancer prevention	Ph III	Ph III	REDUCE data presented at AUA 27th April 2009.
	<i>Duodart</i> (fixed dose combination with tamsulosin)	Filed Mar 2009	Filed	
<i>Rezonic/Zunrisa</i>	CINV/PONV	Filed	Filed	Complete Response letter received on 23rd June 2009. US filing strategy under review.
Pazopanib	Renal cell cancer	Filed	Filed Mar 2009	Phase III data presented at ASCO 1st June 2009.
	Sarcoma	Ph III	Ph III	
	Ovarian	Ph III	Ph III	Phase III started June 2009.
<i>Tykerb</i>	First-line metastatic	Filed Mar 2009	Filed Mar 2009	
	Adjuvant breast cancer	Ph III	Ph III	
	Head & neck cancer	Ph III	Ph III	
	Gastric cancer	Ph III	Ph III	
Elesclomol	Metastatic melanoma	Ph III	Ph III	Collaboration with Synta terminated 12th June 2009.
pazopanib + <i>Tykerb</i>	Inflammatory breast cancer	Ph III	Ph III	
Respiratory & Immuno-inflammation				
HORIZON (444 & 698)	COPD	Ph II/III	Ph II/III	Phase III studies to start in October.
Vaccines		USA	EU	News update in the quarter
<i>Cervarix</i>	HPV prophylaxis	Filed	Approved	HPV008 and HPV010 study data presented at IPVC 8th May 2009 and 008 published in The Lancet 6th July 2009. Prequalification granted by WHO 8th July 2009.
<i>Prepandrix</i>	H5N1 pandemic influenza prophylaxis			
H1N1 flu	H1N1 pandemic influenza prophylaxis	Ph III	Approved	
MAGE-A3	NSCLC	Ph II/III	Ph II/III	
	Melanoma	Ph III	Ph III	

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Menhibrix (HibMenCY-TT)	MenCY and Hib prophylaxis	Ph III	n/a	Positive pivotal Phase III results. Filing expected H2 2009.
MenACWY	MenACWY prophylaxis	Ph III	Ph III	
New generation flu	Influenza prophylaxis	Ph III	Ph III	Phase III study started in Africa 29th May 2009.
<i>Simplirix</i>	Genital herpes prophylaxis	Ph III	Ph III	
<i>Mosquirix</i>	Malaria prophylaxis	n/a	n/a	

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Press Release

Turnover and key product movements impacting performance H1 2009

Total group turnover fell 3% to £13.5 billion, with a 5% decline in total pharmaceutical turnover to £11.2 billion partially offset by growth from Consumer Healthcare, up 7% to £2.3 billion.

US pharmaceutical turnover fell 19% to £4.6 billion as a result of continued generic competition to several mature brands. European pharmaceutical sales grew 4% to £3.6 billion, largely driven by strong *Relenza* and vaccines sales, partly offset by competition to older products, particularly for HIV. Sales in Emerging Markets grew 16% to £1.4 billion and sales in Asia-Pacific/Japan rose 9% to £1.3 billion.

Seretide/Advair sales grew 4% in the first half of the year to £2.5 billion. US sales rose 1% to £1.3 billion and European sales rose 2% to £795 million. Sales of *Seretide/Advair* were strong in both Emerging Markets (up 22% to £138 million) and Japan where sales more than doubled to £83 million following launch of the indication for COPD earlier in the year.

Vaccine sales grew 16% to £1.4 billion. In the USA (up 2% to £315 million), strong performances from new products *Rotarix* and *Boostrix* (combined US sales of £69 million) were partly offset by the impact of increased competition in the DTPa segment. Outside the USA, vaccines sales were strong in all regions: Europe (up 13% to £606 million), Emerging Markets (up 31% to £276 million) and Asia-Pacific/Japan (up 23% to £99 million). Overall vaccine performance also included a strong contribution from *Cervarix*, sales of which more than doubled to £121 million in the first half.

Relenza sales were £282 million (2008: £32 million) in the first half reflecting several significant orders from governments across the world for pandemic stock-piling. Other strong pharmaceutical sales performances included *Valtrex* (up 6% to £723 million), *Ventolin* (up 23% to £228 million), *Lovaza* (up 36% to £210 million) and *Veramyst* (sales more than doubled to £78 million).

Sales of HIV products fell 9% to £801 million as a result of competition to older products, *Combivir* (down 17% to £214 million) and *Trizivir* (down 19% to £104 million). GSK's newer medicines *Epzicom/Kivexa* grew 8% to £266 million.

Product sales significantly impacted by generic competition in the USA in the first half included: *Lamictal* (down 67% to £247 million), *Imigran/Imitrex* (down 67% to £132 million) and *Requip* (down 43% to £101 million).

Sales of *Wellbutrin* were £94 million, down 67%, reflecting both generic competition in the USA and the sale in May 2009 of the commercial rights to *Wellbutrin XL* in the USA to Biovail International Laboratories for \$510 million (£340 million).

Total Consumer Healthcare sales grew 7% to £2.3 billion in the first half with growth across all regions: Europe up 3% to £940 million, Rest of World up 12% to £859 million and the USA up 5% to £512 million.

Oral healthcare sales rose 6% to £734 million with *Sensodyne* up 10% to £225 million and *Aquafresh* franchise sales flat at £249 million. Sales of dry mouth treatment *Biotene*, acquired in Q4 2008, were £12 million in the first half.

Nutritionals sales were up 1% to £437 million, with continued strong growth from *Horlicks* (up 18% to £136 million) helping offset a decline in sales of *Lucozade* (down 7% to £186 million) which continued to be impacted by lower sales in the impulse segment of the market. OTC product sales grew 9% to £1,140 million. The launch of anti-obesity treatment *alli* throughout Europe started during the second quarter, helping to more than double the product's global sales to £114 million in the first half of the year. Other strong OTC performances included smoking cessation products (up 12% to £170 million) and the *Panadol* franchise (up 7% to £193 million).

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Press

Release

Operating profit and earnings per share commentary H1 2009

Results before major restructuring

Operating profit before major restructuring for H1 2009 was £4,357 million, an 18% decline in CER terms. Cost of sales increased to 24.2% of turnover (H1 2008: 23.1%), principally reflecting the impact of generic competition to higher margin products in the USA.

SG&A costs as a percentage of turnover increased by 2.1 percentage points to 32.2% compared with H1 2008. This reflected investment in growth markets, increased legal costs and exchange losses on inter-company transactions, partially offset by the benefits of the current restructuring programme. Excluding legal costs of £136 million and exchange losses of £106 million, SG&A costs were 30.4% of turnover (H1 2008: 29.8%). The company now expects SG&A costs, excluding legal charges to be around 29% of turnover in 2009 (2008: 27.7%).

R&D expenditure at 14.8% (H1 2008: 13.7%) of total turnover was impacted by £149 million of intangible asset write-offs. Excluding these write-offs, R&D expenditure would have been 13.7% of turnover.

In the half year, gains from asset disposals were £347 million (H1 2008: £223 million), costs for legal matters were £136 million (H1 2008: £36 million) and there was a charge of £5 million for the fair value movements on financial instruments (H1 2008: £32 million income).

Other operating income in the first half was £459 million including asset disposals of £347 million, primarily reflecting the disposal of *Wellbutrin XL*, and royalty income of £126 million (H1 2008: £130 million), partially offset by equity investment impairment and fair value movements on financial instruments. In addition, profit on disposal of interests in associates was £115 million as 5.7 million Quest shares were sold in the first quarter.

EPS before major restructuring of 57.3p decreased 16% in CER terms (an 8% increase in sterling terms) compared with H1 2008. The favourable currency impact of 24 percentage points reflected the weakness of Sterling against most major currencies compared with last year.

The current restructuring programme has achieved annualised cost savings of £900 million and remains on track to deliver cumulative annual savings of £1.7 billion by the end of 2011.

Total results after restructuring

Operating profit after restructuring for H1 2009 was £3,907 million, down 23% CER and flat in sterling terms compared with H1 2008. This included £450 million of restructuring charges (H1 2008: £272 million); £214 million was charged to cost of sales (H1 2008: £198 million), £136 million to SG&A (H1 2008: £56 million) and £100 million to R&D (H1 2008: £18 million). EPS after restructuring of 50.6p decreased 21% CER but increased 3% in sterling terms compared with H1 2008.

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Table of Contents**PRESS
RELEASE****Income statement****Six months ended 30th June 2009**

	Results before major restructuring		Major restructuring	Total H1 2009 £m	Results before major restructuring	Major restructuring	Total H1 2008 £m
	H1 2009 £m	CER%	H1 2009 £m		H1 2008 £m	H1 2008 £m	
TURNOVER	13,516	(3)		13,516	11,560		11,560
Cost of sales	(3,265)	9	(214)	(3,479)	(2,674)	(198)	(2,872)
Gross profit	10,251	(7)	(214)	10,037	8,886	(198)	8,688
Selling, general and administration	(4,356)	1	(136)	(4,492)	(3,485)	(56)	(3,541)
Research and development	(1,997)	7	(100)	(2,097)	(1,582)	(18)	(1,600)
Other operating income	459			459	355		355
OPERATING PROFIT	4,357	(18)	(450)	3,907	4,174	(272)	3,902
Finance income	46			46	178		178
Finance costs	(368)		(3)	(371)	(382)	(2)	(384)
Profit on disposal of interest in associate	115			115			
Share of after tax profits of associates and joint ventures	31			31	14		14
PROFIT BEFORE TAXATION	4,181	(18)	(453)	3,728	3,984	(274)	3,710
Taxation	(1,212)		114	(1,098)	(1,140)	69	(1,071)
<i>Tax rate %</i>	<i>29.0%</i>			<i>29.5%</i>	<i>28.6%</i>		<i>28.9%</i>
PROFIT AFTER TAXATION FOR THE PERIOD	2,969	(19)	(339)	2,630	2,844	(205)	2,639

Profit attributable to minority interests	64		64	46		46
Profit attributable to shareholders	2,905	(339)	2,566	2,798	(205)	2,593
	2,969	(339)	2,630	2,844	(205)	2,639
EARNINGS PER SHARE	57.3p	(16)	50.6p	52.9p		49.0p
Diluted earnings per share	56.9p		50.3p	52.5p		48.7p

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Table of Contents**PRESS****RELEASE****Pharmaceuticals turnover****Six months ended 30th June 2009**

	£m	Total CER%	£m	USA CER%	£m	Europe CER%	£m	Rest of World CER%
Respiratory	3,469	4	1,669	2	1,096		704	13
<i>Avamys/Veramyst</i>	78	>100	38	12	25	>100	15	>100
<i>Flixonase/Flonase</i>	108	(23)	18	(62)	24	(24)	66	11
<i>Flixotide/Flovent</i>	384	(3)	196	3	91	(3)	97	(11)
<i>Seretide/Advair</i>	2,459	4	1,301	1	795	2	363	27
<i>Serevent</i>	121	(23)	37	(15)	60	(20)	24	(38)
<i>Ventolin</i>	228	23	70	>100	73		85	(4)
<i>Zyrtec</i>	35	32					35	32
Anti-virals	2,068	11	984	6	576	21	508	10
HIV	801	(9)	359	(8)	325	(12)	117	(6)
<i>Agenerase, Lexiva</i>	91	(1)	50	6	33	(10)	8	
<i>Combivir</i>	214	(17)	97	(15)	78	(21)	39	(11)
<i>Epivir</i>	65	(22)	24	(18)	26	(27)	15	(19)
<i>Epzicom/Kivexa</i>	266	8	108	3	121	5	37	41
<i>Trizivir</i>	104	(19)	55	(18)	44	(21)	5	(17)
<i>Ziagen</i>	52	(18)	25	(10)	18	(16)	9	(36)
<i>Valtrex</i>	723	6	548	12	81	(1)	94	(16)
<i>Relenza</i>	282	>100	30	>100	135	>100	117	>100
<i>Zeffix</i>	108	(9)	9	(14)	15		84	(10)
Central Nervous System	948	(53)	358	(76)	289	(5)	301	1
<i>Imigran/Imitrex</i>	132	(67)	61	(81)	48	(9)	23	
<i>Lamictal</i>	247	(67)	131	(81)	77	(3)	39	(3)
<i>Requip</i>	101	(43)	14	(87)	67		20	14
<i>Requip XL</i>	52	>100	13		39	>100		
<i>Seroxat/Paxil</i>	264	(17)	27	(51)	55	(17)	182	(6)
<i>Treximet</i>	26	>100	26	>100				
<i>Wellbutrin, Wellbutrin XL</i>	94	(67)	74	(73)	13	83	7	
Cardiovascular and urogenital	1,131	8	704	10	286	2	141	14
<i>Arixtra</i>	120	34	66	43	45	26	9	20
<i>Avodart</i>	256	16	156	13	73	14	27	47
<i>Coreg, Coreg CR</i>	102	(16)	101	(15)			1	(100)
<i>Fraxiparine</i>	113	(8)			86	(13)	27	9
<i>Levitra</i>	38	7	36	4	2	100		
<i>Lovaza</i>	210	36	209	36			1	
<i>Vesicare</i>	50	27	50	27				

<i>Volibris</i>	6				6			
Metabolic	597	(14)	299	(17)	139	(16)	159	(6)
<i>Avandia</i> products	395	(17)	219	(19)	89	(24)	87	(3)
<i>Avandia</i>	242	(21)	145	(24)	36	(24)	61	(13)
<i>Avandamet</i>	133	(11)	60	(6)	50	(25)	23	27
<i>Bonviva/Boniva</i>	128	(3)	79	(13)	44	12	5	67
Anti-bacterials	807	1	93	(17)	335	(5)	379	12
<i>Augmentin</i>	332	1	27	(16)	145	(5)	160	11
Oncology and emesis	310	10	158	3	101	14	51	22
<i>Hycamtin</i>	86	6	50	6	30	13	6	(17)
<i>Promacta</i>	5		5					
<i>Tyverb/Tykerb</i>	75	54	28		35	100	12	>100
<i>Zofran</i>	62	(12)	11	14	28	(25)	23	
Vaccines	1,381	16	315	2	606	13	460	31
<i>Boostrix</i>	65	71	32	71	18	25	15	>100
<i>Cervarix</i>	121	>100			102	>100	19	>100
<i>Fluarix, FluLaval</i>	20	>100	3				17	>100
Flu Pre-Pandemic	36	(21)	25		10	(74)	1	
Hepatitis	344	(7)	139	(12)	133	(7)	72	5
<i>Infanrix, Pediarix</i>	329	(13)	77	(42)	200	(1)	52	4
<i>Rotarix</i>	128	71	37		25	21	66	28
<i>Synflorix</i>	12				10		2	
Other	494	(14)	7	80	158	(3)	329	(20)
	11,205	(5)	4,587	(19)	3,586	4	3,032	8

Pharmaceutical turnover includes co-promotion income.

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Table of Contents**PRESS
RELEASE****Consumer Healthcare turnover
Six months ended 30th June 2009**

	£m	Total CER%	£m	USA CER%	£m	Europe CER%	Rest of World £m	CER%
Over-the-counter medicines	1,140	9	363	2	341	14	436	11
<i>Alli</i>	114	>100	54	60	59		1	(50)
<i>Breathe Right</i>	47	9	24	(5)	12	10	11	50
Cold sore franchise	43	(8)	18	(13)	19	(5)	6	
Nicotene replacement therapy	170	12	126	12	32	7	12	33
<i>Panadol</i>	193	7			40		153	9
<i>Tums</i>	55		49				6	
Oral healthcare	734	6	149	12	374	3	211	10
<i>Aquafresh</i> franchise	249		48	(5)	144	(2)	57	7
<i>Biotene</i>	12		10		1		1	
Denture care	164	7	39		60	4	65	15
<i>Sensodyne</i> franchise	225	10	49	23	97	5	79	12
Nutritional healthcare	437	1			225	(9)	212	18
<i>Horlicks</i>	136	18			9	(18)	127	23
<i>Lucozade</i>	186	(7)			157	(10)	29	14
<i>Ribena</i>	82	(4)			58	(7)	24	5
	2,311	7	512	5	940	3	859	12

Statement of comprehensive income

	H1 2009 £m	H1 2008 £m
Profit for the period	2,630	2,639
Exchange movements on overseas net assets	(599)	189
Tax on exchange movements		(7)
Fair value movements on available-for-sale investments	(9)	(119)
Deferred tax on fair value movements on available-for-sale investments	(8)	13
Actuarial losses on defined benefit plans	(920)	(507)
Deferred tax on actuarial movements in defined benefit plans	249	151
Fair value movements on cash flow hedges	(6)	(4)
Deferred tax on fair value movements on cash flow hedges	2	2
Other comprehensive income for the period	(1,291)	(282)
Total comprehensive income for the period	1,339	2,357

Total comprehensive income for the period attributable to:

Shareholders	1,321	2,330
Minority interests	18	27
	1,339	2,357

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	30th June 2009 £m	30th June 2008 £m	31st December 2008 £m
ASSETS			
Non-current assets			
Property, plant and equipment	8,875	8,092	9,678
Goodwill	2,015	1,618	2,101
Other intangible assets	5,787	4,658	5,869
Investments in associates and joint ventures	448	346	552
Other investments	463	382	478
Deferred tax assets	2,570	2,210	2,760
Derivative financial instruments	61	42	107
Other non-current assets	493	495	579
Total non-current assets	20,712	17,843	22,124
Current assets			
Inventories	3,910	3,525	4,056
Current tax recoverable	55	49	76
Trade and other receivables	5,363	5,392	6,265
Derivative financial instruments	283	329	856
Liquid investments	290	393	391
Cash and cash equivalents	5,346	4,988	5,623
Assets held for sale	2	3	2
Total current assets	15,249	14,679	17,269
TOTAL ASSETS	35,961	32,522	39,393
LIABILITIES			
Current liabilities			
Short-term borrowings	(1,185)	(1,157)	(956)
Trade and other payables	(5,161)	(5,312)	(6,075)
Derivative financial instruments	(400)	(137)	(752)
Current tax payable	(875)	(841)	(780)
Short-term provisions	(1,413)	(819)	(1,454)