GLAXOSMITHKLINE PLC
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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Report of Foreign Issuer

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

For period ending 27 July 2016

GlaxoSmithKline plc
(Name of registrant)

980 Great West Road, Brentford, Middlesex, TW8 9GS
(Address of principal executive offices)

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

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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.

Yes   No x
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Issued: Wednesday, 27 July 2016, London U.K.
Results Announcement for the second quarter 2016 and Half-yearly Financial Report for the half-year 2016

GSK delivers further progress against strategy with strong Q2 performance

Core results

	Q2 2016	Growth		H1 2016	Growth	
	£m	CER%	£%	£m	CER%	£%
Turnover	6,532	4	11	12,761	6	11
Core operating profit	1,831	15	36	3,390	14	28
Core earnings per share	24.5p	16	42	44.3p	12	28

Total results

	Q2 2016	Growth		H1 2016	Growth	
	£m	CER%	£%	£m	CER%	£%
Turnover	6,532	4	11	12,761	6	11
Operating (loss)/profit	(151)	>(100)	>(100)	572	(98)	(94)
Loss per share	(9.0)p	>(100)	>(100)	(3.2)p	>(100)	>(100)

Summary

Group sales £6.5 billion, +4% CER, with growth across all three businesses
- Pharmaceuticals £3.9 billion, +2%; Vaccines £960 million, +11%; Consumer Healthcare, £1.7 billion, +7%

New product sales £1.05 billion (Q2 2015, £446 million; Q1 2016, £821 million) driven by HIV (Tivicay, Triumeq), Respiratory (Relvar/Breo, Anoro, Incruse, Nucala) and Meningitis vaccines (Bexsero, Menveo)
- New Pharmaceutical product sales represent 23% of total Pharmaceutical sales (Q2 2015: 11%)
- Sales growth of new respiratory products more than offset decline in sales of Seretide/Advair

New product sales and transaction & restructuring benefits drive improved operating leverage and margin delivery across all three businesses
- Incremental cost savings of £0.3 billion in Q2 2016, with total annual cost savings now at £2.3 billion against end 2017 target of £3 billion
- Q2 core operating margins: Pharmaceuticals 35%, Vaccines 28%, Consumer Healthcare 14%

Q2 core earnings per share 24.5p, +16% CER

Q2 total loss per share reflects impact of significant Sterling currency adjustment to valuations of liabilities associated with Consumer Healthcare and HIV businesses

- Sterling forecasts for sales and cash flows increased for majority-owned Consumer Healthcare and HIV businesses
- Sterling forecasts for liabilities attributable to minority interests therefore also increased, resulting in charges of £1.8 billion in Q2 2016

2016 core EPS percentage growth now expected to be 11-12% CER

- If FX rates held at Q2 period end rates estimated impact of +19% on 2016 Sterling core EPS growth

Q2 Net cash inflow from operations of £1.2 billion (Q2 2015: £0.2 billion)

19p dividend declared for Q2. Continue to expect 80p for FY 2016 and 2017

R&D pipeline development continues in core therapy areas:

- EU approval received for Strimvelis first gene-therapy for ADA-SCID
- Four significant filings expected in H2 2016: Closed Triple for COPD, Shingrix vaccine for shingles; Benlysta subcutaneous for lupus; sirukumab for RA
- Novel anti-IL33R monoclonal antibody for severe asthma licensed from Janssen
- First in class ICOS agonist antibody in Oncology enters clinical development

The full results are presented under ‘Income Statement’ on page 37 and core results reconciliations are presented on pages 11 and 57 to 60. All commentaries are presented in terms of CER growth, unless otherwise stated. See ‘Definitions’ on page 34. All expectations and targets regarding future performance should be read together with the “Assumptions related to 2016-2020 outlook”, and “Assumptions and cautionary statement regarding forward-looking statements” on page 35 and “Principal risks and uncertainties” on page 63.

Sir Andrew Witty, Chief Executive Officer, GSK said:

“This second quarter’s performance reflects further strong execution of the Group’s strategy and our ability to allocate capital effectively across our three businesses to improve returns. Momentum across the Group is being driven by growth in new product sales, continued cost control and delivery of restructuring and transaction benefits. We have also made good progress in research and development, and in the second half of 2016, expect to complete key regulatory filings for Shingrix, Closed Triple, Benlysta SC and sirukumab.”

Q2 performance

New Pharmaceuticals and Vaccines sales were more than £1 billion this quarter, this compares to £446 million in the same quarter last year. HIV medicines continued to perform strongly and the growth in sales of new Respiratory products is now more than offsetting declines in Seretide/Advair. Vaccine sales grew 11% in the quarter, with strong demand seen for Bexsero and Synflorix. In Consumer Healthcare, sales grew 7% to £1.7 billion with good contributions from Wellness and Oral health brands such as Flonase OTC, Excedrin, Voltaren and Sensodyne.

Core earnings per share for the quarter was up 16% CER to 24.5 pence and up 12% CER to 44.3 pence for H1 2016. As a consequence of the momentum seen so far this year, GSK now expects to deliver core EPS at the upper end of the guidance given to investors at the first quarter, with core EPS percentage growth of 11-12% (CER).

Total loss per share was 9.0 pence, reflecting charges for restructuring and the impact of significant Sterling currency movements to the valuations of liabilities associated with the Group's Consumer Healthcare and HIV businesses.

As a result of the decline in Sterling this quarter, revised Sterling exchange rates have been applied to forecasts for sales and cash flows in the quarterly re-measurement of the liabilities associated with the majority owned Consumer Healthcare and HIV businesses. At these revised rates, increased earnings and cash flows would be expected from these businesses and therefore the businesses have increased in value. As a consequence, the forecast value of the associated liabilities (put options, preferential dividends and contingent consideration), which are attributable to the minority interests in these businesses, has also increased and is reflected in the balance sheet. This has resulted in charges of £1.8 billion in the quarter and is the primary driver for the difference in reported total and core results.

The Group has declared a dividend of 19 pence for the quarter. The Board continues to expect to pay a full year dividend of 80 pence for 2016 and for 2017.

GSK is continuing to make good progress in development of its pipeline.

Following positive data presented in February for cabotegravir, a long-acting integrase inhibitor, GSK intends to start Phase III trials later in the year for use of this asset in treatment and prevention of HIV.

Prospects for the Group's next wave of respiratory medicines have also been strengthened with an accelerated filing for Closed Triple in the US, now expected later this year; the license of a novel anti-IL33R antibody for treatment of severe asthma; and new data which supports progression of danirixin into Phase IIb clinical development for potential use in the treatment of COPD.

In Oncology, the FDA granted Breakthrough Therapy designation for the affinity enhanced T-cell therapy targeting NY-ESO in synovial sarcoma, and preliminary Phase I data supported continued development of BET inhibitor, 525762, in NUT midline carcinoma and other tumour types. During the quarter, GSK3359609, an ICOS agonist antibody, became the first asset in its class to enter human clinical trials. Altogether, GSK now has 10 Oncology assets in Phase I/II trials.

Group strategy and outlook

GSK has created a Group of three world-leading businesses in Pharmaceuticals, Vaccines and Consumer Healthcare, which aims to deliver growth and improving returns to shareholders through development of innovative healthcare options for patients and consumers.

GSK has a strong portfolio of innovative products across its three businesses with a presence in more than 150 markets. Revenues are split across Pharmaceuticals 58%, Consumer Healthcare 26% and Vaccines 16% on a 2015 pro-forma basis. R&D innovation underpins all three businesses. In November 2015, the Group profiled to investors an R&D portfolio of ~40 assets focused on Oncology, Immuno-inflammation, Vaccines, HIV and Infectious diseases, Respiratory and Rare diseases.

All three businesses are supported by proprietary technologies and manufacturing capabilities in areas such as devices, adjuvants, bio-electronics and formulations. The Group aims to improve returns from its R&D innovation by striking a balance between pricing and volume generation. Details of the Group's innovative R&D portfolio and the progress of assets in development can be found on pages 30 to 33 of this Announcement.

At its Investor Day on 6 May 2015, GSK outlined a series of expectations for its performance over the five-year period 2016-2020. This included an expectation that Group core EPS would grow at a CAGR of mid-to-high single digits on a CER basis. The introduction of a generic alternative to Advair in the US was factored into the Group's assessment of its future performance. The Group also stated it expects to pay an annual ordinary dividend of 80p for each of the years 2015-2017.

Reporting the Group's performance

GSK presents total results and core results in order to help shareholders better understand the Group's operational performance.

Total results represent the Group's overall performance. However, these results can contain material unusual or non-operational items that may obscure the key trends and factors determining the Group's operational performance. GSK therefore also reports core results to help shareholders identify and assess more clearly the key drivers of the Group's performance. This approach aligns the presentation of the Group's results more closely with the majority of GSK's peer group.

Core results exclude the following items from total results: amortisation and impairments of intangible assets and goodwill; major restructuring costs; legal charges; transaction-related accounting adjustments; disposals and other operating income other than royalty income. Reconciliations between total and core results are provided on pages 57 to 60.

Recent costs for major restructuring reflect the programmes to reshape the Group's Pharmaceuticals business and the integration of the Novartis Vaccines and Consumer Healthcare businesses following the transaction which was completed in 2015. Costs for these major restructuring programmes are expected to reduce significantly in 2017 with only residual charges thereafter.

The most significant recent adjustments to total results have been transaction-related items and disposal gains. Transaction-related items are volatile and relate primarily to the required re-measurement each quarter of the present value of the forecast liabilities and contingent consideration associated with the Group's majority-owned Consumer Healthcare and HIV businesses. These re-measurements reflect changes in the values of these businesses and the expected forecast liabilities for the put options, preference shares and future contingent consideration payments. As these valuation adjustments do not relate to current trading but primarily to consideration potentially due in the future, they are excluded from core earnings. The major drivers of the re-measurements have been changes in the forecasts of exchange rates and performance. Increases in liabilities result in a charge and decreases in liabilities result in a credit to total earnings.

In order to illustrate underlying performance, it is also the Group's practice to present its results at constant exchange rate (CER) growth.

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Group performance

The Novartis transaction completed on 2 March 2015 and so the Group's reported year-to-date results include six months of sales of the Vaccines and Consumer Healthcare products acquired from Novartis and exclude the former GSK Oncology business. The 2015 reported year-to-date results included sales of the GSK Oncology products for the two months to 2 March 2015 and sales of the acquired Vaccines and Consumer Healthcare products for the four months from that date.

Accordingly, for H1 2016, in addition to reported growth rates, the Group is presenting pro-forma growth rates for turnover, core operating profit and core operating profit by business. Pro-forma growth rates are calculated comparing reported turnover and core operating profit for H1 2016 with the turnover and core operating profit for H1 2015 adjusted to include the two months of sales for January and February 2015 of the former Novartis Vaccines and Consumer Healthcare products and exclude sales of the former GSK Oncology business for January and February 2015. In addition, following the Novartis transaction, the Group has restated its segment information for the change in its segments described on page 45, including in particular, now reporting the results of the Pharmaceuticals operating segment as incorporating HIV.

Group turnover by business and geographic region

	Q2 2016		H1 2016		
	£m	Reported growth CER%	£m	Reported growth CER%	Pro-forma growth CER%
Pharmaceuticals	3,882	2	7,468	1	4
Vaccines	960	11	1,842	16	12

Consumer Healthcare	1,690	7	3,451	16	6
	6,532	5	12,761	7	5
Corporate and other unallocated turnover					
Group turnover	6,532	4	12,761	6	5

	Q2 2016		H1 2016		
	£m	Reported growth CER%	£m	Reported growth CER%	Pro-forma growth CER%
US	2,364	9	4,438	9	9
Europe	1,771	3	3,589	9	5
International	2,397	1	4,734	2	1
Group turnover	6,532	4	12,761	6	5

Reconciliations between reported growth percentages and pro-forma growth percentages are provided on pages 61 to 62.

Turnover – Q2 2016

Group turnover for Q2 2016 increased 11% in Sterling terms and 4% CER to £6,532 million, with Pharmaceuticals up 2%, Vaccines up 11% and Consumer Healthcare up 7%. Sales of New Pharmaceutical and Vaccine products, as described on page 29, were £1,050 million in the quarter, an increase of £604 million in Sterling terms.

Pharmaceuticals

Pharmaceuticals turnover was £3,882 million, up 2%, with HIV sales growing 44% in the quarter. Total Respiratory sales were flat with 6% growth in the US, International flat and Europe down 11%, as the Respiratory portfolio continues to transition to newer products. Sales of New Pharmaceutical Products were £906 million, a Sterling increase of £533 million, which more than offset the Sterling decline in Seretide/Advair sales of £60 million. Sales of Established Products declined 14%, impacted by declines in all regions including the continued reshaping of the business in China and the impact of biennial price revisions in Japan.

US Pharmaceuticals turnover of £1,167 million declined 1% in the quarter. The decline was driven primarily by the impact of generic competition to Avodart, down 36% to £46 million, and a reduction in Relenza down 97% to £1 million following a reallocation of government funding. Sales of New Respiratory Pharmaceutical products totalled £149 million and the growth of these products exceeded the decline in Advair. Advair sales declined 7% to £487 million representing a 4% volume decline and a 3% negative impact of price and mix, including the benefit of favourable payer rebate adjustments related to prior quarters. On an underlying basis, Advair's sales performance in the quarter was more consistent with the first three months of 2016. Ventolin sales were up 9% to £95 million. Flovent sales declined 32% to £75 million, primarily due to pricing pressures in the ICS market and the impact of negative adjustments to payer rebates related to prior quarters. The net impact of adjustments to prior quarters for payer rebates across the Respiratory portfolio was broadly neutral to reported US sales. Benlysta sales increased 29% to £71 million.

In Europe, Pharmaceuticals turnover declined 7% to £687 million. Respiratory sales declined 11% to £347 million reflecting the ongoing transition to the new Respiratory portfolio and generic competition to Seretide which declined 25% (19% volume decline and a 6% negative impact of price and mix) to £213 million. This was partly offset by sales of the new Respiratory products of £54 million in the quarter. Established Products sales were down 6% to £122 million.

International Pharmaceuticals sales of £1,163 million were down 9%. Sales in Emerging Markets declined 9%, impacted by further declines in the China business, down 14%, which continued to be affected by the ongoing reshaping programme and broader Healthcare sector reforms, including price reductions. Excluding China, Emerging Markets declined 8% primarily due to the impact of the recent divestment to Amgen and the limitation of trading in Venezuela since the end of 2015 to the supply of essential medicines. In Emerging Markets outside of China, Respiratory grew 2% as a result of new product launches and strong performances by Flixotide, Avamys and Ventolin. In Japan, Pharmaceutical sales were down 3% to £335 million, impacted by price revisions as well as supply interruptions to Avodart that have now been resolved. Respiratory sales in Japan grew 6% with strong growth of Relvar Ellipta, up 46% to £22 million, offsetting a decline in Adoair sales.

Worldwide HIV sales increased 44% to £865 million, with the US up 52%, Europe up 39% and International up 22%. The growth in all three regions was driven primarily by strong performances from both Triumeq and Tivicay, with sales of £409 million and £225 million, respectively in the quarter. Epzicom/Kivexa sales declined 21% to £157 million.

Vaccines

Vaccines sales grew 11% to £960 million with the US down 2%, Europe up 11% and International up 20%. Growth benefited from the phasing of tender sales of Synflorix in International as well as improved supply of Bexsero later in the quarter, particularly into the US. This was partly offset by adverse movements in CDC vaccines stockpiles, particularly an unfavourable comparison with Q2 2015 CDC stockpile orders in the US. Supply constraints in International and lower Hepatitis vaccines sales in China also negatively impacted sales.

In the US, sales declined 2% to £258 million. Growth was impacted by an adverse movement in CDC stockpiles, some de-stocking following higher sales in Q1 2016 and an unfavourable comparison with the benefit to Q2 2015 of positive CDC stockpile orders for Infanrix/Pediarix, Boostrix, Rotarix and Engerix. This adverse impact to growth was partly offset by Bexsero share gains and improved supply for Bexsero and Menveo that boosted advance shipments ahead of the back-to-school season. Sales also benefited from share gains for Boostrix and Pediarix.

In Europe, sales grew 11% to £325 million. Growth was driven primarily by Bexsero sales in private markets and improved supply during the quarter. Sales were also driven by higher demand for Priorix/Priorix-Tetra/Varilrix, better supply of Hepatitis A vaccines and higher demand for Encepur in Germany. Growth was partly offset by lower sales of Infanrix/Pediarix and Boostrix due to the phasing of supply as well as increased competition for Infanrix/Pediarix.

In International, sales grew 20% to £377 million. Growth benefited from the earlier than expected phasing of Synflorix sales in Brazil and Pakistan, market expansion in Nigeria and Myanmar and strong private market demand. The Priorix/Priorix-Tetra/Varilrix portfolio and Rotarix grew due to favourable phasing in Saudi Arabia. Growth was also driven by higher uptake of Seasonal Flu vaccine and Rotarix sales in Brazil partly offset by lower sales of Infanrix/Pediarix, due to supply constraints, and lower Hepatitis sales in China.

Consumer Healthcare

Consumer Healthcare sales were up 7% to £1,690 million, with the US up 9%, Europe up 1%, and International up 9%. Growth was primarily driven by strong performances in all regions across the Oral health and Wellness power brands with a particular improvement in International.

US sales increased 9% to £429 million, primarily reflecting strong performance from the Wellness and Oral health portfolios. More than half of the growth came from Sensodyne, which continued to deliver double-digit growth, driven by the recent launch of the True-White variant, combined with strong momentum from Pronamel. Within Wellness, Flonase OTC had another strong quarter, despite a number of competitor launches, while Excedrin, also contributed strongly, primarily due to the gel-tab launch.

Sales in Europe grew 1% to £504 million. The slower growth in the quarter was largely a result of expected sales phasing due to systems integration activities but also the impact of worsening economic conditions in CIS. Share gains were recorded within many of the power brands with consumption growth remaining buoyant. Growth was driven primarily by the Oral health and Wellness categories with mid-single digit growth from power brands with strong performances from Sensodyne and Gum Health, in particular.

International sales of £757 million grew 9%, driven primarily by Oral health and Wellness. Oral health sales were up 12% benefiting from double-digit growth of Sensodyne and Denture care. Wellness also grew well, driven by Voltaren and double-digit growth of Otrivin which delivered good growth across Asia Pacific. Performance improved significantly in China as both Sensodyne and Voltaren grew share with improved distribution.

Turnover – H1 2016

Group turnover for H1 2016 increased 11% in Sterling terms and 6% CER on a reported basis to £12,761 million, with Pharmaceuticals up 1%, Vaccines up 16% and Consumer Healthcare up 16%, all three businesses still reflecting the impact of the Novartis transaction which completed on 2 March 2015. On a pro-forma basis, Group turnover was up 5%, with Pharmaceuticals up 4%, Vaccines up 12% and Consumer Healthcare up 6%. Sales of New Pharmaceutical and Vaccine products, as described on page 29, were £1,871 million in the six months, an increase of £1,156 million.

Pharmaceuticals

Pharmaceuticals turnover was £7,468 million, up 1% on the prior year, but adjusting for the disposal of the Oncology business to Novartis, up 4% pro-forma. HIV sales grew 50% in the period. Total Respiratory sales declined 1%, primarily reflecting a 25% decline in Seretide in Europe, and the continuing transition globally of the Respiratory portfolio to newer products. Respiratory sales in US grew 4% and were flat in International. Sales of New Pharmaceutical Products were £1,623 million, a Sterling increase of £999 million, which more than offset the Sterling decline in Seretide/Advair sales of £205 million. Sales of Established Products declined 11%, impacted by declines in all regions including the impact of market reforms and the continued reshaping of the business in China and the impact of biennial price revisions in Japan.

US Pharmaceuticals turnover of £2,113 million declined 7% in the six months on a reported basis and 2% on a pro-forma basis. The pro-forma decline was primarily driven by the impact of generic competition to Avodart, down 60% to £53 million and Lovaza down 60% to £23 million. Relenza sales were down 98% to £1 million following a reallocation of government funding. Sales of New Respiratory Products totalled £257 million and the growth of these products exceeded the decline in Advair. Advair sales declined 12% to £826 million representing a 3% volume decline and a 9% negative impact of price and mix. Payer rebate adjustments related to prior quarters favourably impacted sales in the six months. Ventolin sales were up 9% to £187 million. Flovent sales declined 17% to £164 million, primarily due to pricing pressures in the ICS market and the impact of negative adjustments to payer rebates related to prior quarters. The net impact of adjustments to prior quarters for payer rebates across the Respiratory portfolio was broadly neutral to reported US sales in the six months. Benlysta sales increased 25% to £130 million.

In Europe, Pharmaceuticals turnover declined 11% to £1,401 million on a reported basis and 7% on a pro-forma basis. Respiratory sales declined 12% to £695 million reflecting the ongoing transition to the new Respiratory portfolio and generic competition to Seretide which declined 25% (19% volume decline and a 6% negative impact of price and mix) to £439 million. This was partly offset by the new respiratory products, which recorded sales of £95 million. Established Products sales were down 6% to £248 million.

International Pharmaceuticals sales of £2,360 million were down 6% on a reported basis and 4% on a pro-forma basis, including the benefit of an accelerated sale of inventory to Novartis of £33 million following a restructuring of certain supply agreements. Sales in Emerging Markets declined 7% and 5% on a pro-forma basis, impacted by further declines in the China business down 21%, which continued to be affected by its ongoing reshaping programme and broader Healthcare reforms, including price reductions. Excluding China, Emerging Markets declined 3% on a reported basis and 2% pro-forma, due to the impact of the recent divestment to Amgen and the limitation of trading in Venezuela since the end of 2015 to the supply of essential medicines, partly offset by Respiratory sales growth as a result of new launches, the timing of tenders and price increases in certain markets. In Japan, Pharmaceutical sales were down 7% on a reported basis and 5% pro-forma to £662 million, impacted by biennial price revisions as well as supply interruptions to Avodart. Respiratory sales in Japan grew 5% with strong growth of Relvar Ellipta, up 59% to £40 million, offsetting a decline in Adoair sales.

Worldwide HIV sales increased 50% to £1,594 million, with the US up 62%, Europe up 39% and International up 26%. The growth in all three regions was driven primarily by strong performances from both Triumeq and Tivicay, with sales of £737 million and £413 million, respectively in the six months. Epzicom/Kivexa sales declined 18% to £311 million.

Vaccines
Vaccines sales grew 16% on a reported basis and 12% pro-forma to £1,842 million. On a reported basis, the US was up 5%, Europe up 28% and International up 15%. Growth benefited from the phasing of a number of tenders in International together with the strong performance of the Meningitis franchise, particularly in the US and Europe, partly offset by an unfavourable comparison with H1 2015 CDC stockpile movements in a number of products.

In the US, sales grew by 5% on a reported basis and 2% pro-forma to £520 million. Growth was driven by market and share growth in Bexsero, Boostrix and Pediarix as well as the phasing of Bexsero and Menveo purchases ahead of the back-to-school season as supply improved towards the end of H1. Growth was offset by some pricing pressures and an unfavourable comparison with the benefit to H1 2015 of CDC stockpile movements of Infanrix/Pediarix, Boostrix, Rotarix and Engerix.

In Europe, sales grew 28% on a reported basis and 22% pro-forma to £664 million. Growth was driven primarily by the Meningitis portfolio. Bexsero sales grew in a number of private markets and in the UK following its inclusion in the NHS immunisation programme. Boostrix growth was driven by tender success and higher private market sales. Sales were also up in Germany driven by Hepatitis A vaccines, Priorix/Priorix-Tetra/ Varilrix and Encepur. Growth was partly offset by lower sales of Infanrix/Pediarix due to the phasing of supply as well as increased competition for Infanrix/Pediarix.

In International, sales grew 15% on a reported basis and 11% pro-forma to £658 million. Growth benefited from the earlier than expected phasing of Synflorix sales in Brazil and Pakistan, market expansion in Nigeria and Myanmar and strong private market demand. The Priorix/Priorix-Tetra/Varilrix portfolio and Rotarix grew due to favourable phasing in Saudi Arabia. Further growth was driven by higher uptake of Seasonal Flu vaccine and Rotarix sales in Brazil, partly offset by lower sales of Infanrix/Pediarix, due to supply constraints, lower Hepatitis vaccines sales in China and reduced demand for Cervarix.

Consumer Healthcare
Consumer Healthcare sales were up 16% on a reported basis to £3,451 million, with the US up 17%, Europe up 20%, and International up 13%. On a pro-forma basis, sales increased by 6%, with growth driven by strong performances in Oral health and Wellness power brands across all regions.

US sales increased 17% to £869 million on a reported basis and 8% pro-forma. Growth was driven by strong performances from the Wellness and Oral health portfolios. Sensodyne continued to deliver double-digit growth driven by the launch of True-White combined with strong momentum from Pronamel. Within Wellness, Flonase OTC grew strongly while Excedrin also had a strong first half, largely due to the gel-tab format launch.

Sales in Europe grew 20% to £1,048 million on a reported basis with 3% pro-forma growth. Strong momentum in Germany was partly offset by the impact of worsening economic conditions in CIS. Growth was driven primarily by Wellness sales and, in particular, double-digit growth of Voltaren as a result of the continued success of the 12-hour variant. Within the Oral health category, Sensodyne, Gum health and Denture care continued to grow, partly offset by a decline in Aquafresh.

International sales of £1,534 million grew 13% on a reported basis and 6% on a pro-forma basis. Growth reflected double-digit performances in Oral health and Wellness partly offset by a slower half year for the Nutrition category. Power brands grew double-digit overall, driven by Sensodyne, Denture Care, Panadol, Voltaren and Otrivin and driving the Oral health and Wellness category performances. Nutrition was impacted by the effective cessation of trade in Venezuela at the end of 2015, slower growth in Africa functional beverages and the slowing health food drink category in India which impacted Horlicks.

Total results

The total results for the Group are set out below.

	Q2 2016 £m	Q2 2015 £m	Growth CER%	H1 2016 £m	H1 2015 £m	Growth CER%
Turnover	6,532	5,888	4	12,761	11,510	6
Cost of sales	(2,124)	(2,005)	2	(4,257)	(4,108)	2
Gross profit	4,408	3,883	5	8,504	7,402	9
Selling, general and administration	(2,174)	(2,541)	(16)	(4,363)	(4,766)	(10)
Research and development	(888)	(812)	4	(1,703)	(1,679)	(3)
Royalty income	83	62		174	139	
Other operating income/(expense)	(1,580)	(257)		(2,040)	8,455	
Operating (loss)/profit	(151)	335	>(100)	572	9,551	(98)
Finance income	18	12		36	44	
Finance expense	(183)	(194)		(364)	(385)	
Profit on disposal of associates	-	1		-	844	
Share of after tax (losses)/profits of associates and joint ventures	(2)	(2)		(2)	21	
(Loss)/profit before taxation	(318)	152	>(100)	242	10,075	>(100)
Taxation	(174)	(37)		(382)	(1,922)	
Tax rate %	(54.7)%	24.3%		>100%	19.1%	
(Loss)/profit after taxation	(492)	115	>(100)	(140)	8,153	>(100)

(Loss)/profit attributable to non-controlling interests	(57)	(34)		13	(85)	
(Loss)/profit attributable to shareholders	(435)	149		(153)	8,238	
	(492)	115		(140)	8,153	
(Loss)/earnings per share	(9.0)p	3.1p	>(100)	(3.2)p	170.7p	>(100)

Core adjustments

The adjustments that reconcile core operating profit, profit after tax and earnings per share to total results are as follows:

	Q2 2016			Q2 2015		
	Operating (loss)/ profit £m	(Loss)/ profit after tax £m	(Loss)/ earnings per share p	Operating profit £m	Profit after tax £m	EPS p
Total results	(151)	(492)	(9.0)	335	115	3.1
Intangible asset amortisation	135	105	2.2	125	108	2.2
Intangible asset impairment	-	-	-	2	2	-
Major restructuring costs	234	179	3.7	515	390	8.1
Legal costs	22	22	0.4	50	49	1.0
Transaction-related items	1,798	1,629	29.9	319	289	3.2
Divestments and other	(207)	(131)	(2.7)	3	(17)	(0.3)
	1,982	1,804	33.5	1,014	821	14.2
Core results	1,831	1,312	24.5	1,349	936	17.3

	H1 2016			H1 2015		
	Operating profit £m	(Loss)/ profit after tax £m	(Loss)/ earnings per share p	Operating profit £m	Profit after tax £m	EPS p
Total results	572	(140)	(3.2)	9,551	8,153	170.7
Intangible asset amortisation	279	220	4.6	276	222	4.6
Intangible asset impairment	-	-	-	104	79	1.6

Major restructuring costs	422	340	7.0	881	656	13.6
Legal costs	48	45	0.9	135	134	2.8
Transaction-related items	2,258	2,042	36.8	1,183	995	14.9
Divestments and other	(189)	(89)	(1.8)	(9,476)	(8,378)	(173.6)
	2,818	2,558	47.5	(6,897)	(6,292)	(136.1)
Core results	3,390	2,418	44.3	2,654	1,861	34.6

Full reconciliations between core results and total results are set out on pages 57 to 60 and the definition of core results is set out on page 34.

Core operating profit and margin

Core operating profit

	Q2 2016			H1 2016			
	£m	% of turnover	Growth CER%	£m	% of turnover	Reported growth CER%	Pro-forma growth CER%
Turnover	6,532	100	4	12,761	100	6	5
Cost of sales	(1,931)	(29.6)	4	(3,867)	(30.3)	8	4
Selling, general and administration	(2,053)	(31.4)	(2)	(4,103)	(32.2)	3	(1)
Research and development	(800)	(12.2)	4	(1,575)	(12.3)	(1)	(2)
Royalty income	83	1.2	31	174	1.4	22	25
Core operating profit	1,831	28.0	15	3,390	26.6	14	21
Core profit before tax	1,666		19	3,066		17	
Core profit after tax	1,312		17	2,418		15	
Core profit attributable to shareholders	1,191		17	2,150		12	
Core earnings per share	24.5p		16	44.3p		12	

Core operating profit by business

	Q2 2016			H1 2016			
	£m	% of turnover	Growth CER%	£m	% of turnover	Reported growth CER%	Pro-forma growth CER%
Pharmaceuticals	1,931	49.7	5	3,631	48.6	4	8

Pharmaceuticals R&D	(583)		9	(1,130)		(1)	3
Total Pharmaceuticals	1,348	34.7	4	2,501	33.5	6	11
Vaccines	270	28.1	39	523	28.4	47	77
Consumer Healthcare	238	14.1	>100	541	15.7	76	68
	1,856	28.4	16	3,565	27.9	18	24
Corporate & other unallocated costs	(25)		25	(175)		>100	
Core operating profit	1,831	28.0	15	3,390	26.6	14	21

Core operating profit – Q2 2016

Core operating profit was £1,831 million, 15% higher in CER terms than in Q2 2015 on a turnover increase of 4%. The core operating margin of 28.0% was 5.1 percentage points higher than in Q2 2015 and 2.5 percentage points higher on a CER basis, reflecting improved operating leverage driven by sales growth and a more favourable mix across all three businesses as well as continued delivery of restructuring and integration benefits and tight control of ongoing costs, partly offset by continued price pressure, particularly in Respiratory, supply chain investments and inventory adjustments.

Cost of sales as a percentage of turnover was 29.6%, down 0.6 percentage points in Sterling terms and flat in CER terms compared to Q2 2015. This reflected a more favourable product mix in the quarter, particularly the impact of higher HIV sales in Pharmaceuticals, but also in Vaccines and Consumer Healthcare, as well as a continued contribution from integration and restructuring savings in all three businesses, offset by continued adverse pricing pressure in Pharmaceuticals, primarily Respiratory, inventory adjustments in Vaccines and continued investments in the supply chain.

SG&A costs were 31.4% of turnover, 4.1 percentage points lower than in Q2 2015 and 2.2 percentage points lower on a CER basis. This primarily reflected tight control of ongoing costs as well as cost reductions in Global Pharmaceuticals, including the benefits of the Pharmaceuticals restructuring programme initiated in Q4 2014, integration benefits in Vaccines and Consumer Healthcare compared to Q2 2015 when synergies were at an early stage of delivery, offset by continued reallocation of investment in promotional product support, particularly for new launches in Respiratory, HIV, Consumer Healthcare and Vaccines.

R&D expenditure was £800 million (12.2% of turnover), 9% higher than Q2 2015 and 4% higher on a CER basis, reflecting increased investment in the pipeline, including the BMS HIV acquisitions in Q1 2016, offset by continued benefits from cost reduction programmes in Pharmaceuticals, Consumer Healthcare and Vaccines R&D.

Royalty income was £83 million (Q2 2015: £62 million) reflecting increased royalty income primarily from Gardasil sales.

Core operating profit by business – Q2 2016

Pharmaceuticals core operating profit was £1,348 million, 4% higher than in Q2 2015 in CER terms on a turnover increase of 2%. The core operating margin of 34.7% was 2.8 percentage points higher than in Q2 2015. On a CER basis the core operating margin was 0.4 percentage points higher, reflecting a more favourable product mix, primarily driven by the growth in HIV sales, and the continued cost reduction benefit of the Group’s pharmaceuticals restructuring programme, partly offset by investment in new product support and the impact of lower prices, particularly in Respiratory, and the broader transition of the Respiratory portfolio.

Vaccines operating profit was £270 million, 39% higher than in Q2 2015 in CER terms on a turnover increase of 11%. The core operating margin of 28.1% was 6.4 percentage points higher than in Q2 2015 and 5.6 percentage points higher in CER terms, primarily driven by favourable product mix and enhanced operating leverage in the quarter from the benefits to International sales of tender phasing, together with a reduction in SG&A and R&D costs delivered through restructuring and integration benefits. This was partly offset by an increase in the cost of sales due to a number of inventory adjustments and additional supply chain investments net of integration benefits.

Consumer Healthcare core operating profit was £238 million, more than double the level in Q2 2015 in CER terms on a turnover increase of 7%. The core operating margin of 14.1% was 7.0 percentage points higher than in Q2 2015 and 6.5 percentage points higher on a CER basis. This primarily reflected a favourable comparison with Q2 2015, which was impacted by the early stages of integration and the acquired Novartis cost base, but also an improvement in gross margin reflecting mix benefits from the power brand strategy and pricing as well as continued strong contributions from integration synergies that benefited both SG&A and R&D as a percentage of sales.

Core operating profit – H1 2016

Core operating profit was £3,390 million, 14% higher in CER terms than in H1 2015 on a turnover increase of 6%. The core operating margin of 26.6% was 3.5 percentage points higher than in H1 2015 and 1.7 percentage points higher on a CER basis.

On a pro-forma basis, core operating profit was 21% higher in CER terms compared with H1 2015 on turnover growth of 5%. The pro-forma core operating margin was 3.3 percentage points higher in CER terms, reflecting improved operating leverage driven by sales growth and a more favourable mix across all three businesses as well as a strong half year of delivery of restructuring and integration benefits as well as tight control of ongoing costs, partly offset by continued price pressure, particularly in Respiratory, supply chain investments and inventory adjustments.

Cost of sales as a percentage of turnover was 30.3%, down 0.3 percentage points in Sterling terms but 0.4 percentage points higher in CER terms than in H1 2015. On a pro-forma basis, the cost of sales percentage decreased 1.1 percentage points compared with H1 2015 and was down 0.4 percentage points in CER terms. This reflected improved product mix, particularly the impact of higher HIV sales in Pharmaceuticals, but also in Vaccines and Consumer Healthcare, as well as an increased contribution from integration and restructuring savings in all three businesses, partially offset by continued adverse pricing pressure in Pharmaceuticals, primarily Respiratory, as well as inventory adjustments in Vaccines.

SG&A costs were 32.2% of turnover, 2.2 percentage points lower than in H1 2015 and 1.2 percentage points lower on a CER basis. On a pro-forma basis, SG&A as a percentage of sales reduced by 2.9 percentage points and 1.9 percentage points on a CER basis. This primarily reflected tight control of ongoing costs as well as cost reductions in Global Pharmaceuticals, including the benefits of the Pharmaceuticals restructuring programme initiated in Q4 2014, and integration benefits in Vaccines and Consumer Healthcare compared to the first half of 2015 when synergies were in the very early stages of delivery, offset by reallocation of investment in promotional product support, particularly for new launches in Respiratory, HIV, Consumer Healthcare and Vaccines.

R&D expenditure was £1,575 million (12.3% of turnover), 4% higher than H1 2015 but 1% lower on a CER basis. On a pro-forma basis, R&D expenditure declined 2% on a CER basis reflecting the benefit of cost reduction programmes in Pharmaceuticals, Consumer Healthcare and Vaccines R&D partly offset by increased investment, primarily in HIV.

Royalty income was £174 million (H1 2015: £139 million) reflecting increased royalty income primarily from Gardasil sales as well as benefiting from a prior year catch-up adjustment.

Core operating profit by business – H1 2016

Pharmaceuticals core operating profit was £2,501 million, 6% higher than in H1 2015 in CER terms on a turnover increase of 1%. The core operating margin of 33.5% was 3.3 percentage points higher than in H1 2015 and 1.6

percentage points higher on a CER basis. On a pro-forma basis, the core operating margin increased 2.1 percentage points on a CER basis, reflecting the more favourable product mix, primarily driven by the growth in HIV sales, and the cost reduction benefit of the Group's pharmaceuticals restructuring programme, partly offset by increased investment in new product support and the continued impact of lower prices, particularly in Respiratory, and the broader transition of the Respiratory portfolio.

Vaccines operating profit was £523 million, 47% higher than in H1 2015 in CER terms on a turnover increase of 16%. The core operating margin of 28.4% was 6.1 percentage points higher than in H1 2015 and 5.9 percentage points higher on a CER basis. On a pro-forma basis, the core operating margin improved 10.5 percentage points and 10.3 percentage points in CER terms, primarily driven by favourable product mix and enhanced operating leverage together with restructuring and integration benefits in CGS, SG&A and R&D, partly offset by a number of inventory adjustments and additional supply chain investments.

Consumer Healthcare core operating profit was £541 million, 76% higher than in H1 2015 in CER terms on a turnover increase of 16%. The core operating margin of 15.7% was 5.6 percentage points higher than in H1 2015 and 5.1 percentage points higher on a CER basis. On a pro-forma basis, the Consumer Healthcare operating margin was 5.6 percentage points higher on a CER basis, primarily driven by improvements in gross margin reflecting mix benefits from the power brand strategy and pricing as well as a strong contribution from integration synergies benefiting both SG&A and R&D as a percentage of sales.

Core profit after tax and core earnings per share – Q2 2016
Net finance expense was £163 million compared with £178 million in Q2 2015, benefiting from the maturity of a number of higher interest-bearing long term debt instruments.

Tax on core profit amounted to £354 million and represented an effective core tax rate of 21.3% (Q2 2015: 20.0%). The increase in the effective rate primarily reflected the Group's changing earnings mix to the US, and also adverse movements following the recent decline in Sterling. See 'Taxation' on page 47 for further details.

The allocation of earnings to non-controlling interests amounted to £121 million (Q2 2015: £99 million), including the non-controlling interest allocations of Consumer Healthcare profits of £67 million (Q2 2015: £29 million) and the allocation of ViiV Healthcare profits, which increased to £79 million (Q2 2015: £62 million) including the impact of changes in the proportions of preferential dividends due to each shareholder based on the relative performance of different products in the quarter. The allocation also reflects higher losses, including bad debt provisions, in other entities with non-controlling interests.

Core EPS of 24.5p was up 16% in CER terms compared with a 15% increase in operating profit, primarily reflecting the reduction in net finance expense offset by greater contribution to growth from businesses in which there are significant non-controlling interests as well as the increased tax rate in the quarter compared with Q2 2015.

Core profit after tax and core earnings per share – H1 2016
Net finance expense was £322 million compared with £334 million in H1 2015, reflecting maturity of a number of higher interest-bearing long term debt instruments.

Tax on core profit amounted to £648 million and represented an effective core tax rate of 21.1% (H1 2015: 20.0%). The increase in the effective rate reflected the Group's momentum and changing earnings mix in favour of the US in particular. See 'Taxation' on page 47 for further details.

The allocation of earnings to non-controlling interests amounted to £268 million (H1 2015: £190 million), including the non-controlling interest allocations of Consumer Healthcare profits of £112 million (H1 2015: £41 million) and the allocation of ViiV Healthcare profits, which increased to £145 million (H1 2015: £113 million) including the impact of changes in the proportions of preferential dividends due to each shareholder based on the relative performance of different products in the quarter. The allocation also reflects higher losses, including bad debt provisions, in other entities with non-controlling interests.

Core EPS of 44.3p was up 12% in CER terms compared with a 14% increase in operating profit, primarily reflecting the greater contribution to growth from businesses in which there are significant non-controlling interests as well as the increased tax rate in the quarter compared with H1 2015, partly offset by reduction in net finance expense.

Currency impact on Q2 2016 and H1 2016 results

The Q2 2016 results are based on average exchange rates, principally £1/$1.41, £1/€1.28 and £1/Yen 153. Comparative exchange rates are given on page 48. The period-end exchange rates were £1/$1.33, £1/€1.20 and £1/Yen 137.

In the quarter, turnover increased 4% CER and 11% at actual exchange rates. Core EPS of 24.5p was up 16% in CER terms and up 42% at actual rates. The positive currency impact reflected the weakness of Sterling against the majority of the Group's trading currencies relative to Q2 2015. Reduction in losses on settled intercompany transactions compared to Q2 2015 contributed seven percentage points of the positive currency impact of 26 percentage points on core EPS.

In H1 2016, turnover increased 6% CER and 11% at actual exchange rates. Core EPS of 44.3p was up 12% in CER terms and up 28% at actual rates. The positive currency impact reflected the weakness of Sterling against the majority of the Group's trading currencies relative to H1 2015. Reduction in losses on settled intercompany transactions compared to H1 2015 contributed four percentage points of the positive currency impact of sixteen percentage points on core EPS.

2016 guidance for core EPS

GSK now expects 2016 core EPS percentage growth to be 11-12% on a CER basis.

If exchange rates were to hold at the June closing rates (£1/$1.33, £1/€1.20 and £1/Yen 137) for the rest of 2016, the estimated positive impact on 2016 Sterling turnover growth would be around 9% and if exchange losses were recognised at the same level as in 2015, the estimated positive impact on 2016 Sterling core EPS growth would be around 19%.

Total operating loss and total loss per share – Q2 2016

Total operating loss was £151 million in Q2 2016 compared with a total operating profit of £335 million in Q2 2015. Non-core items in the quarter resulted in an aggregate net charge of £1,982 million (Q2 2015: £1,014 million), primarily reflecting the impact of further accounting charges related to re-measurement of the contingent consideration related to the former Shionogi-ViiV Healthcare joint venture, along with re-measurement of the value attributable to the Consumer Healthcare put option and the Shionogi/Pfizer ViiV put options and preferential dividends. A significant majority of the re-measurements were driven by changes in exchange rate assumptions following the Brexit vote in June, which have increased the estimated total Sterling values of GSK's Consumer Healthcare and ViiV Healthcare businesses, and forecasted sales that will require increased future consideration payments. Non-core items also included the continued impact of charges for restructuring costs related to the integration of the former Novartis businesses and the Pharmaceuticals restructuring programme and certain other adjusting items.

Intangible asset amortisation was £135 million compared to £125 million in Q2 2015. There were no intangible asset impairments (Q2 2015: £2 million). Both are non-cash items.

Major restructuring and integration charges accrued in the quarter were £234 million (Q2 2015: £515 million), reflecting the phasing of planned restructuring projects following the completion of the Novartis transaction in Q1 2015, as well as reduced charges for Pharmaceuticals restructuring projects as this programme enters its later stages. Cash payments made in the quarter were £333 million (Q2 2015: £248 million) including the settlement of certain charges accrued in previous quarters.

Legal charges of £22 million (Q2 2015: £50 million) included the benefit of the settlement of existing anti-trust matters as well as provisions for ongoing litigation. Legal cash payments in the quarter were £31 million (Q2 2015: £74 million).

Transaction-related adjustments resulted in a net charge of £1,798 million (Q2 2015: £319 million). This primarily included accounting charges for the re-measurement of the liability and the unwinding of the discounting effects on the value attributable to the Consumer Healthcare Joint Venture put option held by Novartis, the value attributable to the put options and preferential dividends attributable to Pfizer and Shionogi, and the re-measurement and the unwinding of the discounting effects on the contingent consideration relating to the acquisition of the former Shionogi-ViiV Healthcare Joint Venture.

	Q2 2016 £m	Q2 2015 £m
Consumer Healthcare Joint Venture put option	594	69
ViiV Healthcare put options and Pfizer preferential dividends	310	-
Contingent consideration on former Shionogi-ViiV Healthcare Joint Venture (including Shionogi preferential dividends)	850	198
Other adjustments	44	52
Total transaction-related adjustments	1,798	319

The aggregate impact of unwind of the discount was £212 million (Q2 2015: £232 million), including the Consumer Healthcare put option (£111 million), the ViiV Healthcare put options and preference dividends (£16 million) and the contingent consideration on the former Shionogi-ViiV Healthcare Joint Venture (£73 million). The remaining charge of £1,586 million is primarily driven by changes in exchange rate assumptions following the Brexit vote in June. An explanation of the accounting for the non-controlling interests in ViiV Healthcare is set out on page 56.

Other items included equity investment disposals and dividends, and a number of other asset disposals, and certain other adjusting items.

A tax charge of £174 million on total profit represented an effective tax rate of (54.7)% (Q2 2015: 24.3%). This rate reflected the non-deductibility of certain items included within the Transaction-related adjustments, particularly the re-measurements of the put options related to ViiV Healthcare and the Consumer Healthcare Joint Venture, as well as the differing tax effects of the various non-core items.

The total loss per share was 9.0p, compared with earnings per share of 3.1p in Q2 2015. The decrease primarily reflected the increased re-measurement charges driven by changes in the Sterling valuations of the contingent consideration and the put options liabilities associated with the Group’s Consumer Healthcare and HIV businesses.

Total operating profit and total loss per share – H1 2016

Total operating profit was £572 million in H1 2016 compared with a total operating profit of £9,551 million in H1 2015, which benefited from the net disposal gains recorded following the disposal of the Oncology business as part of the Novartis transaction. Non-core items resulted in an aggregate net charge of £2,818 million primarily reflecting the impact of further accounting charges related to re-measurement of the contingent consideration related to the former Shionogi-ViiV Healthcare joint venture, along with re-measurement of the value attributable to the Consumer Healthcare put option and liabilities for Pfizer and Shionogi ViiV put options and preferential dividends. A significant majority of the re-measurements were driven by changes in exchange rate assumptions following the Brexit vote in June 2016 (H1 2015: net credit of £6,897 million, primarily reflecting the impact of the Novartis transaction).

Intangible asset amortisation was £279 million, compared to £276 million in H1 2015. There were no intangible asset impairments (H1 2015: £104 million). Both are non-cash items.

Major restructuring and integration charges of £422 million have been accrued (H1 2015: £881 million), reflecting the phasing of planned restructuring projects following the completion of the Novartis transaction in Q1 2015, as well as reduced charges for Pharmaceuticals restructuring projects as this programme enters its later stages. Cash payments made were £600 million (H1 2015: £502 million) including the settlement of certain charges accrued in previous quarters.

Charges for the combined restructuring and integration programme to date are £3.2 billion with cash payments of £2.2 billion. The total cash charges of the combined programme are expected to be approximately £3.65 billion and the non-cash charges up to £1.35 billion. The programme delivered incremental cost savings of £0.7 billion in H1 2016 and has now delivered approximately £2.3 billion of annual savings on a moving annual total basis. It remains on track to deliver £3 billion of annual savings in total. The programme is expected to be largely complete by the end of 2017.

Legal charges of £48 million (H1 2015: £135 million) included the benefit of the settlement of existing anti-trust matters as well as provisions for ongoing litigation. Legal cash payments in the period were £104 million (H1 2015: £236 million).

Transaction-related adjustments resulted in a net charge of £2,258 million (H1 2015: £1,183 million). This primarily included accounting charges for the re-measurement of the liability and the unwinding of the discounting effects on the value attributable to the Consumer Healthcare Joint Venture put option held by Novartis, the value attributable to the put option and preferential dividends payable to Pfizer and Shionogi, and the re-measurement and the unwinding of the discounting effects on the contingent consideration relating to the acquisition of the former Shionogi-ViiV Healthcare Joint Venture.

	H1 2016 £m	H1 2015 £m
Consumer Healthcare Joint Venture put option	854	69
ViiV Healthcare put options and Pfizer preferential dividends	313	-
Contingent consideration on former Shionogi-ViiV Healthcare Joint Venture (including Shionogi preferential dividends)	1,062	964
Other adjustments	29	150
Total transaction-related adjustments	2,258	1,183

The aggregate impact of unwind of the discount was £409 million (H1 2015: £312 million), including the Consumer Healthcare put option (£218 million), the ViiV Healthcare put options and preference dividends (£21 million) and the contingent consideration on the former Shionogi-ViiV Healthcare Joint Venture (£142 million). The remaining charge of £1,849 million is primarily driven by changes in exchange rate assumptions following the Brexit vote in June. An explanation of the accounting for the non-controlling interests in ViiV Healthcare is set out on page 56.

Other items included equity investment disposals, dividends and impairments, a number of other asset disposals, and certain other adjusting items.

A tax charge of £382 million on total profit represented an effective tax rate of over 100% (H1 2015: 19.1%) and reflected the non-deductibility of certain items included within the Transaction-related adjustments, particularly the re-measurements of the put options related to ViiV Healthcare and the Consumer Healthcare Joint Venture, as well as differing tax effects of the various non-core items.

The total loss per share was 3.2p, compared with earnings per share of 170.7p in H1 2015. The decrease primarily reflected the benefit to H1 2015 of the Novartis transaction that closed in Q1 2015.

Cash generation and conversion

Cash flow and net debt

	Q2 2016	H1 2016	H1 2015
Net cash inflow from operating activities (£m)	1,236	1,739	587
Adjusted net cash inflow from operating activities* (£m)	1,267	1,843	823
Free cash flow* (£m)	315	93	(675)
Adjusted free cash flow* (£m)	346	197	(439)
Free cash flow growth (%)	>100%	>100%	>(100)%
Free cash flow conversion* (%)	>100%	>100%	(5)%
Net debt (£m)**	14,910	14,910	9,553

* Adjusted net cash inflow from operating activities, free cash flow, adjusted free cash flow and free cash flow conversion are defined on page 34.
** The analysis of net debt is presented on page 55.

Q2 2016
The net cash inflow from operating activities for the quarter was £1,236 million (Q2 2015: £217 million). Excluding legal settlements of £31 million (Q2 2015: £74 million) adjuste