GLAXOSMITHKLINE PLC
Form 6-K
May 06, 2008

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 6 May 2008
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
THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-149531) OF GLAXOSMITHKLINE PLC, GLAXOSMITHKLINE CAPITAL INC. AND GLAXOSMITHKLINE CAPITAL PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

GlaxoSmithKline plc
Results Announcement for the first quarter 2008

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 current report on Form 6-K.

Exchange rates

The Group operates in many countries and earns revenues and incurs costs in many currencies. The results of the Group, as reported in Sterling, are affected by movements in exchange rates between Sterling and other currencies. Average exchange rates prevailing during the period are used to translate the results and cash flows of overseas subsidiaries, associates and joint ventures into Sterling. Period end rates are used to translate the net assets of those entities. The currencies which most influence these translations are the US dollar, the Euro and the Japanese Yen.

Business performance

Business performance, which is a supplemental measure, is the primary performance measure used by management and is presented after excluding restructuring charges relating to the new Operational Excellence programme, which commenced in October 2007, and significant acquisitions. Management believes that exclusion of these items provides a better reflection of the way in which the business is managed and gives a more useful indication of the underlying performance of the Group.

Constant exchange rate

In order to illustrate underlying performance, it is the Group s practice to discuss its results in terms of constant exchange rate (CER) growth. All commentaries are presented in terms of CER growth and compare 2008 business performance results with 2007 total results, unless otherwise stated. See Accounting Presentation and Policies on page 16.

Brand names

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 Results 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 on page 17.

PHARMACEUTICAL UPDATE

Total pharmaceutical turnover for the first quarter declined 4% to £4.8 billion, with growth from key products offset by significant generic competition to products in the USA and declines in *Avandia* sales in all regions. In the **United States**, turnover was £2,138 million, down 10%, in **Europe** turnover was £1,526 million, down 1%, and in **International** markets sales were £1,129 million, up 6%.

***Seretide/Advair* sales up 10% with strong performance in all regions**

Sales of ***Seretide/Advair***, for asthma and COPD, rose 10% to £954 million, with sales in the USA also growing 10% to £499 million. In Europe, sales grew 9% to £351 million and in International sales grew by 16% to £104 million. GSK continues to see increased use of *Seretide/Advair* in the treatment of COPD and is in ongoing discussions with the FDA to expand further the indication for use in this patient group. GSK expects a decision from the FDA during the second quarter.

Vaccine sales of £436 million up 10% driven by strong US performance

US vaccine sales grew 34% for the quarter to £109 million, driven by continued strong performances of **hepatitis vaccines**, up 66% to £53 million, and ***Infanrix/Pediarix***, up 21% to £51 million. In Europe, sales of vaccines were up 5% to £202 million. In International markets sales rose 2% to £125 million, adversely impacted in part by the timing of shipments. GSK expects stronger growth in this region in the rest of this year.

GSK expects to submit a response to the FDA s Complete Response letter regarding ***Cervarix*** in the second quarter and will continue discussions with the agency regarding the application. *Cervarix* has now been approved in more than 60 countries with discussions regarding reimbursement and tender orders on-going. Sales for *Cervarix* in the quarter were £12 million.

In April, GSK received FDA approval for ***Rotarix***, a new two-dose vaccine to prevent rotavirus gastroenteritis, with launch expected in the second half of the year. Sales of *Rotarix* in markets outside of the USA grew 79% to £27 million.

In February, GSK received a positive opinion from the EMEA regarding ***Prepandrix***, its pre-pandemic flu vaccine. *Prepandrix* will be the first vaccine approved for pre-pandemic use in Europe. In March a supply contract was signed by the Finnish Government for 5.2 million doses of *Prepandrix* for use in advance of a pandemic flu outbreak. Shipments will commence in the second half of 2008.

New growth drivers

Arixtra, for deep vein thrombosis and pulmonary embolism, delivered strong growth with sales up 70% to £35 million. Sales grew in Europe (up 33% to £14 million) following approval last year for the treatment of specific acute coronary syndromes (ACS). In the USA, GSK is in on-going discussions with the FDA regarding a potential ACS indication.

Avodart, for benign prostatic hyperplasia (enlarged prostate), continued to perform strongly with sales up 30% to £85 million for the quarter. GSK has filed for a co-prescription indication in the USA, Europe and International markets for use of *Avodart* in combination with the alpha-blocker, tamsulosin. In April, GSK received its first regulatory approval for this indication in Europe under the mutual recognition procedure. GSK expects a response from the FDA in June for this application.

GSK s co-promotion income for ***Boniva/Bonviva***, the only once-monthly oral medicine for post-menopausal osteoporosis, was up 50% to £49 million.

Sales of GSK s newly acquired ***Lovaza,*** an omega-3-acid product for adult patients with very high levels of triglycerides, contributed £50 million (+72% on a proforma basis).

Tykerb/Tyverb, for breast cancer, achieved sales of £19 million for the quarter. An extensive development programme involving 10 phase III clinical trials is ongoing, including metastatic, first line and adjuvant breast cancer. Last week new data were presented at the European Breast Cancer Conference in Berlin which demonstrated the efficacy of *Tykerb* in shrinking tumours prior to surgery and reducing the number of chemotherapy-resistant cancer stem cells responsible for tumour regeneration. Enrolment was completed for TEACH in the quarter a phase III study investigating whether adjuvant treatment with *Tykerb* will improve survival in early breast cancer by preventing the disease from recurring.

Veramyst/Avamys, for allergic rhinitis, generated sales of £13 million across the USA and Europe for the quarter.

Other key pharmaceutical products

Sales of ***Avandia*** products, for the treatment of type 2 diabetes, fell 56% to £191 million. Sales in the USA for the quarter were £99 million, down 66%, with *Avandia* s share of total prescriptions in the US oral anti-diabetic market currently stable at around 4%. In Europe sales were £54 million, down 14%, and in International markets £38 million, down 44%.

Sales of ***Coreg*** products, for heart disease, fell 77% to £48 million, following the introduction of generic competition to ***Coreg IR*** in September 2007. Sales of ***Coreg CR*** were £35 million with increasing share gains made in the US hypertension market.

Total sales of HIV products were £358 million, down 5%. Competition to older products, ***Combivir*** (-13% to £105 million) and ***Epivir*** (-22% to £34 million), was partially offset by strong sales growth of ***Epzicom/Kivexa*** (+25% to £99 million).

Sales of ***Lamictal***, for the treatment of epilepsy and bipolar disorder, were £290 million driven by strong performance in the USA with sales up 22% to £240 million.

Sales of ***Relenza***, an antiviral treatment for flu, were £29 million (£92 million in Q1 2007), reflecting the variable timing of tender orders from governments stockpiling against a possible flu pandemic.

Sales of ***Requip,*** for Parkinson s Disease/Restless Legs Syndrome, grew 15% to £94 million for the quarter. ***Requip XL***, a new once-daily formulation for Parkinson s Disease, has now been launched in 12 European markets. In the USA, GSK expects a response from the FDA on its application for *Requip XL* during the second quarter of 2008.

Sales of ***Valtrex***, for herpes, rose 9% to £249 million, with US sales up 7% to £173 million, driven by increased use of the product for prevention of herpes transmission. Sales in Europe grew 18% to £37 million and in International sales grew 9% to £39 million.

Product sales affected by generic competition were ***Wellbutrin*** (-3% to £126 million), ***Flixonase/Flonase*** (-33% to £46 million) and ***Zofran*** (-69% to £29 million).

UNAUDITED PHARMACEUTICAL TURNOVER
Three months ended 31st March 2008

	Total			USA			Europe			International		
	£m	CER%	£%	£m	CER%	£%	£m	CER%	£%	£m	CER%	£%
RESPIRATORY	**1,355**	**6**	**11**	**616**	**8**	**6**	**495**	**4**	**15**	**244**	**5**	**16**
Seretide/Advair	954	10	14	499	10	9	351	9	19	104	16	27
Flixotide/Flovent	162	(1)	5	75	7	6	45	(7)	7	42	(7)	
Serevent	67	(5)	3	17	(11)	(11)	37	6	16	13	(21)	(7)
Flixonase/Flonase	46	(33)	(27)	4	(84)	(84)	14		8	28		12
Veramyst	13			12			1					
CENTRAL NERVOUS SYSTEM	**829**	**3**	**4**	**594**	**7**	**5**	**131**	**(7)**	**2**	**104**	**(8)**	**1**
Seroxat/Paxil	121	(15)	(10)	31	(16)	(16)	29	(21)	(15)	61	(11)	(3)
Paxil IR	88	(13)	(5)	2			29	(21)	(15)	57	(12)	(3)
Paxil CR	33	(20)	(20)	29	(22)	(22)				4		
Wellbutrin	126	(3)	(5)	121	(4)	(5)	3	>100	>100	2	(33)	(33)
Wellbutrin IR, SR	13	(43)	(43)	11	(45)	(45)	1			1	(50)	(50)
Wellbutrin XL	113	6	4	110	4	2	2			1		
Imigran/Imitrex	165	(1)	(1)	134		(1)	23	(5)	10	8	(11)	(11)
Lamictal	290	16	16	240	22	20	34	(11)	(3)	16		7
Requip	94	15	18	60	9	7	29	24	38	5	67	67
ANTI-VIRALS	**739**	**(8)**	**(4)**	**347**	**(9)**	**(10)**	**213**	**(15)**	**(6)**	**179**	**6**	**14**
HIV	**358**	**(5)**		**152**	**(6)**	**(7)**	**159**	**(6)**	**5**	**47**	**2**	**9**
Combivir	105	(13)	(9)	45	(8)	(10)	43	(20)	(12)	17	(6)	6
Trizivir	54	(16)	(13)	27	(16)	(16)	24	(19)	(11)	3		
Epivir	34	(22)	(17)	11	(21)	(21)	15	(22)	(17)	8	(22)	(11)
Ziagen	25	(8)	(4)	10	(9)	(9)	9	(11)		6		
Agenerase, Lexiva	35	(3)		18	(10)	(10)	15	8	15	2		
Epzicom/Kivexa	99	25	32	40	17	14	48	33	45	11	29	57
Herpes	**274**	**6**	**10**	**174**	**7**	**5**	**45**	**11**	**25**	**55**	**2**	**15**
Valtrex	249	9	11	173	7	5	37	18	32	39	9	22
Zovirax	25	(15)	(4)	1	(50)	(50)	8	(13)		16	(13)	
Zeffix	46	8	15	3			7		17	36	10	16
Relenza	29	(71)	(68)	8	(82)	(82)				21	19	31
VACCINES	**436**	**10**	**18**	**109**	**34**	**33**	**202**	**5**	**17**	**125**	**2**	**10**
Hepatitis	139	16	23	53	66	66	57	(5)	2	29		16
Influenza	5						4			1		
Infanrix/Pediarix	153	6	14	51	21	19	82	(1)	12	20		11
Boostrix	13	(8)		5	(29)	(29)	5		25	3	50	50
Rotarix	27	79	93				9	100	>100	18	70	80
Cervarix	12						10			2		
	398	**(12)**	**(9)**	**232**	**(22)**	**(23)**	**119**	**6**	**19**	**47**	**19**	**31**

CARDIOVASCULAR AND UROGENITAL												
Coreg	48	(77)	(78)	48	(78)	(78)						
Coreg CR	35	>100	>100	35	>100	>100						
Coreg IR	13	(94)	(94)	13	(94)	(94)						
Levitra	14			13			1					
Avodart	85	30	35	49	22	20	28	39	56	8	75	100
Arixtra	35	70	75	19	73	73	14	33	56	2		
Fraxiparine	51	(4)	9				44	(7)	5	7	20	40
Vesicare	14	36	27	14	36	27						
Lovaza	50			50								
ANTI-BACTERIALS	**365**	**(2)**	**5**	**45**	**(13)**	**(15)**	**181**	**(7)**	**3**	**139**	**10**	**16**
Augmentin	156	(1)	6	17	(29)	(29)	82		12	57	10	14
Altabax	2			2								
METABOLIC	**274**	**(45)**	**(42)**	**133**	**(57)**	**(58)**	**74**	**(6)**	**4**	**67**	**(30)**	**(24)**
Avandia products	191	(56)	(54)	99	(66)	(66)	54	(14)	(5)	38	(44)	(40)
Avandia	122	(62)	(61)	71	(69)	(69)	22	(35)	(29)	29	(48)	(44)
Avandamet	62	(29)	(25)	24	(49)	(49)	31	8	19	7	(30)	(30)
Avandaryl	7	(63)	(56)	4	(73)	(73)	1			2		100
Bonviva/Boniva	49	50	53	33	48	43	15	44	67	1		
ONCOLOGY AND EMESIS	**113**	**(27)**	**(23)**	**58**	**(41)**	**(42)**	**38**	**6**	**19**	**17**		**13**
Zofran	29	(69)	(67)	3	(95)	(95)	16	(30)	(20)	10	(9)	(9)
Hycamtin	30	(3)		17	(5)	(11)	11	11	22	2	(50)	
Tykerb	19	>100	>100	10	>100	>100	7	>100	>100	2		
OTHER	**284**	**13**	**18**	**4**	**(91)**	**(88)**	**73**	**20**	**30**	**207**	**32**	**36**
	4,793	**(4)**		**2,138**	**(10)**	**(12)**	**1,526**	**(1)**	**10**	**1,129**	**6**	**13**

Pharmaceutical turnover includes co-promotion income.

CONSUMER HEALTHCARE UPDATE

Consumer Healthcare sales grew 8% to £893 million, driven by innovation and geographic expansion

In Europe, sales grew 7% to £413 million with strong performances in Central and Eastern Europe. In International, sales grew 18% to £285 million with strong performances from key markets, Latin America, India and the Middle East.

Sales in North America declined 2% to £195 million due to strong competition to smoking cessation products from prescription medicines and retailers own-label nicotine replacement products. Excluding the smoking cessation brands, North American consumer healthcare sales grew 6% to £157 million.

Over-the-counter medicine sales grew 4% to £411 million. Following its successful launch in June 2007, ***alli*** contributed sales of £9 million which were impacted by normalisation of inventory levels after a year-end promotion. Demand for *alli* continues to be strong and, based on retail market data, underlying demand is estimated to have been £35 million during the quarter. ***Panadol*** sales grew 19% to £80 million. Sales of ***Breathe Right***, recently acquired from CNS, grew 14% to £17 million. The product will be launched in European, Asian and Latin American markets this year.

Oral healthcare sales were up 8% to £289 million for the quarter. Sales of ***Sensodyne*** grew 19% to £86 million, aided by the successful launch of *Sensodyne Pronamel*. Sales of ***Aquafresh*** grew 7% to £83 million, and sales of the denture care brands, ***Poligrip***, ***Corega*** and ***Polident***, grew 4% to £60 million.

Nutritional healthcare sales for the quarter increased by 14% to £193 million. ***Lucozade*** continued its excellent performance, up 18% to £86 million. ***Horlicks*** sales grew 18% to £56 million, whilst sales of ***Ribena*** declined 5% to £37 million.

UNAUDITED CONSUMER HEALTHCARE TURNOVER
Three months ended 31st March 2008

	Q1 2008		Growth
	£m	CER%	£%
Over-the-counter medicines	**411**	**4**	**10**
Analgesics	116	13	20
Dermatological	46	8	15
Gastrointestinal	68		3
Respiratory tract	71	18	27
Smoking control	58	(27)	(26)
Natural wellness support	32		7
Weight management	9		
Oral care	**289**	**8**	**17**
Nutritional healthcare	**193**	**14**	**18**
Total	**893**	**8**	**14**

PHARMACEUTICAL PIPELINE UPDATE

In February, the company published an update of its R&D pipeline. GSK currently has 157 projects in clinical development comprising 96 NCEs, 37 PLEs and 24 Vaccines. GSK has 34 key assets currently in phase III development or registration.

First major market approvals and filings

In April, GSK received FDA approval for ***Treximet***, a new acute treatment of migraine. *Treximet* is the first and only migraine product designed to target multiple mechanisms of migraine by combining a triptan, a class of migraine-specific medicines pioneered by GSK, and an anti-inflammatory pain reliever in a single tablet. *Treximet* will be launched in the USA in May.

In March, the FDA granted priority review for ***Promacta***, an oral thrombopoeitin receptor agonist, for the short-term treatment of patients with chronic idiopathic thrombocytopenic purpura. The FDA s decision on *Promacta* is expected in the second quarter and, if approved, would be the first treatment of its type to be approved for this indication.

In February, the EMEA granted a positive opinion for approval of ***Volibris*** (ambrisentan) to treat functional class II and III pulmonary arterial hypertension.

Late-stage pipeline progress

Following analysis of the full data set for **darapladib**, which includes the dose ranging study presented at the American College of Cardiology in March and the IBIS-2 imaging study, GSK intends to progress darapladib into Phase III development and will shortly start discussions with regulators regarding the structure of the Phase III programme. GSK expects data from IBIS-2 to be presented and published in the second half of the year.

In March, positive phase III data were published demonstrating that ***Bosatria*** (mepolizumab) showed disease control with reduced corticosteroid use in treatment of hypereosinophilic syndrome. This is a group of rare disorders leading to significant respiratory, cardiac, skin and gastrointestinal problems and can be life-threatening in some people with advanced disease.

Positive results from the third pivotal phase III study for **GSK1838262** (XP13512) were also received in the quarter demonstrating its efficacy as a treatment of moderate-to-severe symptoms of primary restless legs syndrome. GSK expects to file 262 with the FDA for approval in the third quarter of 2008.

Acquisitions

On 22nd April GSK announced an agreement to acquire **Sirtris Pharmaceuticals**, a world leader in sirtuin research and development. Sirtuins are a class of enzymes that could be used to develop new medicines to address diseases associated with metabolism and ageing such as diabetes, muscle wasting and neurodegeneration.

Collaborations

On 17th April, GSK announced a worldwide strategic alliance with **Regulus Therapeutics** to discover, develop and market novel microRNA-targeted therapeutics, a new approach for the treatment of a wide range of diseases, including inflammatory diseases such as rheumatoid arthritis and inflammatory bowel disease.

FINANCIAL REVIEW

Operating profit business performance

	Q1 2008		Q1 2007		Growth	
	£m	**% of turnover**	£m	% of turnover	CER%	£%
Turnover	**5,686**	**100.0**	5,592	100.0	(3)	2
Cost of sales	**(1,299)**	**(22.8)**	(1,234)	(22.1)	1	5
Selling, general and administration	**(1,720)**	**(30.3)**	(1,673)	(29.9)	(2)	3
Research and development	**(780)**	**(13.7)**	(726)	(13.0)	5	7
Other operating income	**161**	**2.8**	207	3.7		
Operating profit	**2,048**	**36.0**	2,166	38.7	(9)	(5)

Business performance operating margin decreased 2.7 percentage points, as sterling operating profit decreased 5% while sterling turnover increased 2%.

Costs of sales increased to 22.8% of turnover (Q1 2007: 22.1%) reflecting the impact of generic competition to higher margin products and lower *Avandia* sales, partly offset by improvements in manufacturing efficiencies

SG&A costs as a percentage of turnover increased 0.4 percentage points compared with Q1 2007. Pharmaceuticals SG&A fell by 4% and Consumer Healthcare SG&A grew by 9% as a result of higher advertising and promotion expenses. The combined 2% reduction in SG&A costs was less than the 3% fall in turnover.

R&D expenditure as a percentage of turnover increased 0.7 percentage points, and included significant increased investment in vaccines R&D. Pharmaceuticals R&D expenditure in the quarter represented 15.8% (Q1 2007: 14.6%) of pharmaceutical turnover.

Other operating income includes royalty income, equity investment disposals and impairments, product disposals and fair value adjustments to financial instruments. Other operating income was £161 million in Q1 2008 (Q1 2007: £207 million). This reduction in other operating income added some 2 percentage points to the EPS decline in the quarter. With respect to other operating income in the quarter, gains from asset disposals and legal settlements were £54 million (Q1 2007: £102 million), costs for legal matters were £39 million (Q1 2007: £26 million), fair value movements on financial instruments resulted in income of £66 million (Q1 2007: £33 million) and charges related to previous restructuring programmes were £6 million (Q1 2007: £9 million). The business performance operating profit impact of these items was a £75 million credit in Q1 2008 (Q1 2007: £100 million credit).

Business performance operating profit of £2,048 million decreased by 9% in CER terms compared with Q1 2007. This was more than the fall in turnover of 3%, reflecting higher R&D costs and lower other operating income, partly offset by lower SG&A expenditure.

GSK s share of the results of associates was a £1 million loss (Q1 2007: £15 million profit) as a result of the recognition of a legal provision made by Quest Diagnostics Inc.

Business performance profit after taxation decreased by 13% in CER terms, more than the decline in operating profit, reflecting higher net interest costs (primarily driven by increased borrowing to fund the share repurchase programme) and a higher tax rate.

Business performance EPS of 25.6 pence decreased 9% in CER terms (5% in sterling terms) compared with Q1 2007.

Operating profit total

Total operating profit for Q1 2008 was £1,963 million, down 13% CER and 9% in sterling terms compared with Q1 2007. This included £85 million of restructuring charges; £60 million was charged to cost of sales and £25 million to SG&A. There were no such charges in Q1 2007. Total EPS was 24.4 pence.

Taxation

The charge for taxation on business performance profit, amounting to £563 million, represents an effective tax rate of 28.7%. The charge for taxation on total profit was £542 million.

Transfer pricing and other issues are as previously described in the Taxation note to the Financial Statements included in the Annual Report 2007. The Group has open issues with the revenue authorities in the UK, USA, Canada and Japan. There have been no further developments on these issues since the publication of the Annual Report 2007.

GSK uses the best advice in determining its transfer pricing methodology and in seeking to manage transfer pricing and other issues to a satisfactory conclusion and, on the basis of external professional advice, continues to believe that it has made adequate provision for the liabilities likely to arise from open assessments. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of litigation proceedings and negotiations with the relevant tax authorities.

Dividend

The Board has declared a first interim dividend of 13 pence per share. This compares with a dividend of 12 pence per share for Q1 2007. The equivalent interim dividend receivable by ADR holders is 51.8570 cents per ADS based on an exchange rate of £1/$1.9945. The ex-dividend date was 30th April 2008, with a record date of 2nd May 2008 and a payment date of 10th July 2008.

Balance Sheet

Net assets

The book value of net assets decreased by £700 million from £9,910 million at 31st December 2007 to £9,210 million at 31st March 2008. This reflects an increase in net debt arising from the funding of the share buy-back programme and dividend payments, partly offset by the elimination of the pension deficit. The elimination of the pension deficit arose from an increase in the rate used to discount UK pension liabilities from 5.75% to 6.75%, partially offset by a reduction in asset values and by changes in the estimated long-term UK inflation rate. At 31st March 2008, the net surplus on the Group s pension plans was £13 million.

The carrying value of investments in associates and joint ventures at 31st March 2008 was £328 million, with a market value of £864 million.

Equity

At 31st March 2008, total equity had decreased from £9,910 million at 31st December 2007 to £9,210 million. The decrease arose principally from further purchases of shares for cancellation and dividend payments, partially offset by retained earnings and actuarial gains on defined benefit pension and post-employment plans in the period.

At 31st March 2008, the ESOP Trusts held 131.4 million GSK shares against the future exercise of share options and share awards. The carrying value of £1,507 million has been deducted from other reserves. The market value of these shares was £1,401 million.

During the period, GSK purchased £986 million of shares for cancellation and in addition an accrual of £605 million was provided to reflect the maximum potential commitment under an irrevocable purchase agreement to acquire shares for cancellation during the period from 1st April to 23rd April 2008. At 31st March 2008, the company held 484.2 million Treasury shares at a cost of £6,418 million, which has been deducted from retained earnings.

Cash flow

Cash generated from operations was £2,108 million in Q1 2008. This represents an increase of £302 million compared with Q1 2007. The operating cash flow is in excess of the funds needed for the routine cash flows of tax, capital expenditure on property, plant and equipment and dividend payments to shareholders, together amounting to £1,269 million. Receipts of £36 million arose from the exercise of share options: £6 million from shares held by the ESOP Trusts and £30 million from the issue of new shares. In addition, £986 million was spent in the period on purchasing the company s shares for cancellation. The decreased cash position at 31st March 2008 also reflects the net repayment of £1.8 billion of short-term loans in Q1 2008, partially offset by a further issuance of £0.7 billion under the EMTN programme.

Currencies

The Q1 2008 results are based on average exchange rates, principally £1/$1.99, £1/Euro 1.32 and £1/Yen 210. The period-end exchange rates were £1/$1.99, £1/Euro 1.26 and £1/Yen 198. If exchange rates were to hold at the average Q1 2008 levels for the rest of the year, the positive currency impact on business performance EPS growth for the full-year would be around 4 to 5 percentage points.

2008 earnings guidance

GSK continues to expect a mid-single digit percentage decline in business performance EPS, at constant exchange rates.

UNAUDITED INCOME STATEMENT
Three months ended 31st March 2008

	Business performance Q1 2008 £m	Restructuring Q1 2008 £m	**Total Q1 2008 £m**	Q1 2007 £m
Turnover:				
Pharmaceuticals	**4,793**		**4,793**	4,806
Consumer Healthcare	**893**		**893**	786
TURNOVER	**5,686**		**5,686**	5,592
Cost of sales	**(1,299)**	(60)	**(1,359)**	(1,234)
Gross profit	**4,387**	(60)	**4,327**	4,358
Selling, general and administration	**(1,720)**	(25)	**(1,745)**	(1,673)
Research and development	**(780)**		**(780)**	(726)
Other operating income	**161**		**161**	207
Operating profit:				
Pharmaceuticals	**1,889**	(84)	**1,805**	2,028
Consumer Healthcare	**159**	(1)	**158**	138
OPERATING PROFIT	**2,048**	(85)	**1,963**	2,166
Finance income	**82**		**82**	58
Finance expense	**(168)**	(2)	**(170)**	(96)
Share of after tax (losses)/profits of associates and joint ventures	**(1)**		**(1)**	15
PROFIT BEFORE TAXATION	**1,961**	(87)	**1,874**	2,143
Taxation	**(563)**	21	**(542)**	(610)
Tax rate %	***28.7%***		***28.9%***	*28.5%*
PROFIT AFTER TAXATION FOR THE PERIOD	**1,398**	(66)	**1,332**	1,533
Profit attributable to minority interests	**25**		**25**	19
Profit attributable to shareholders	**1,373**	(66)	**1,307**	1,514

	1,398	(66)	**1,332**	1,533
EARNINGS PER SHARE	**25.6p**		**24.4p**	27.0p
Diluted earnings per share	**25.5p**		**24.2p**	26.7p

UNAUDITED BALANCE SHEET

	31st March 2008 £m	31st December 2007 £m
ASSETS		
Non-current assets		
Property, plant and equipment	**8,026**	7,821
Goodwill	**1,372**	1,370
Other intangible assets	**4,492**	4,456
Investments in associates and joint ventures	**328**	329
Other investments	**424**	517
Deferred tax assets	**2,262**	2,196
Derivative financial instruments	**113**	1
Other non-current assets	**806**	687
Total non-current assets	**17,823**	17,377
Current assets		
Inventories	**3,314**	3,062
Current tax recoverable	**45**	58
Trade and other receivables	**5,316**	5,495
Derivative financial instruments	**483**	475
Liquid investments	**1,225**	1,153
Cash and cash equivalents	**2,147**	3,379
Assets held for sale	**3**	4
Total current assets	**12,533**	13,626
TOTAL ASSETS	**30,356**	31,003
LIABILITIES		
Current liabilities		
Short-term borrowings	**(1,799)**	(3,504)
Trade and other payables	**(5,329)**	(4,861)
Derivative financial instruments	**(244)**	(262)
Current tax payable	**(1,056)**	(826)
Short-term provisions	**(851)**	(892)
Total current liabilities	**(9,279)**	(10,345)

Non-current liabilities		
Long-term borrowings	**(8,114)**	(7,067)
Deferred tax liabilities	**(989)**	(887)
Pensions and other post-employment benefits	**(1,326)**	(1,383)
Other provisions	**(1,084)**	(1,035)
Derivative financial instruments		(8)
Other non-current liabilities	**(354)**	(368)
Total non-current liabilities	**(11,867)**	(10,748)
TOTAL LIABILITIES	**(21,146)**	(21,093)
NET ASSETS	**9,210**	9,910
EQUITY		
Share capital	**1,476**	1,503
Share premium account	**1,295**	1,266
Retained earnings	**5,717**	6,475
Other reserves	**428**	359
Shareholders equity	**8,916**	9,603
Minority interests	**294**	307
TOTAL EQUITY	**9,210**	9,910

UNAUDITED CASH FLOW STATEMENT
Three months ended 31st March 2008

	Q1 2008	Q1 2007
	£m	£m
Profit after tax	**1,332**	1,533
Tax on profits	**542**	610
Share of after tax losses/(profits) of associates and joint ventures	**1**	(15)
Net finance expense	**88**	38
Depreciation and other non-cash items	**310**	274
Decrease/(increase) in working capital	**39**	(31)
Decrease in other net liabilities	**(204)**	(603)
Cash generated from operations	**2,108**	1,806
Taxation paid	**(307)**	(256)
Net cash inflow from operating activities	**1,801**	1,550
Cash flow from investing activities		
Purchase of property, plant and equipment	**(254)**	(312)
Proceeds from sale of property, plant and equipment	**2**	19
Purchase of intangible assets	**(61)**	(396)
Proceeds from sale of intangible assets		
Purchase of equity investments	**(12)**	(141)
Proceeds from sale of equity investments	**2**	14
Purchase of businesses, net of cash acquired		(233)
Investment in associates and joint ventures	**(2)**	
Interest received	**87**	59
Dividends from associates and joint ventures	**2**	4
Net cash outflow from investing activities	**(236)**	(986)
Cash flow from financing activities		
(Increase)/decrease in liquid investments	**(14)**	34
Proceeds from own shares for employee share options	**6**	41
Shares acquired by ESOP Trusts	**(1)**	
Issue of share capital	**30**	214
Purchase of own shares for cancellation	**(986)**	
Purchase of Treasury shares		(575)
Increase in long-term loans	**693**	
Repayment of long-term loans		
Net (repayment of)/increase in short-term loans	**(1,811)**	440
Net repayment of obligations under finance leases	**(12)**	(9)

Interest paid	**(42)**	(24)
Dividends paid to shareholders	**(708)**	(671)
Dividends paid to minority interests	**(34)**	(56)
Other financing cash flows	**54**	(38)
Net cash outflow from financing activities	**(2,825)**	(644)
(Decrease)/increase in cash and bank overdrafts in the period	**(1,260)**	(80)
Exchange adjustments	**(5)**	7
Cash and bank overdrafts at beginning of period	**3,221**	1,762
Cash and bank overdrafts at end of period	**1,956**	1,689
Cash and bank overdrafts at end of period comprise:		
Cash and cash equivalents	**2,147**	1,981
Overdrafts	**(191)**	(292)
	1,956	1,689

UNAUDITED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Q1 2008	Q1 2007
	£m	£m
Exchange movements on overseas net assets	**160**	17
Tax on exchange movements	**(6)**	
Fair value movements on available-for-sale investments	**(87)**	(19)
Deferred tax on fair value movements on available-for-sale investments	**15**	(4)
Exchange movements on goodwill in reserves	**(31)**	(1)
Actuarial gains on defined benefit plans	**219**	330
Deferred tax on actuarial movements in defined benefit plans	**(54)**	(94)
Fair value movements on cash flow hedges		(3)
Deferred tax on fair value movements on cash flow hedges		1
Net gains recognised directly in equity	**216**	227
Profit for the period	**1,332**	1,533
Total recognised income and expense for the period	**1,548**	1,760
Total recognised income and expense for the period attributable to:		
Shareholders	**1,527**	1,739
Minority interests	**21**	21
	1,548	1,760

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 Weighted average number of shares

	Q1 2008	Q1 2007	2007
	millions	millions	millions
Weighted average number of shares basic	**5,355**	5,599	5,524
Dilutive effect of share options and share awards	**39**	63	43
Weighted average number of shares diluted	**5,394**	5,662	5,567

The number of shares in issue, excluding those held by the ESOP Trusts and those held as Treasury shares at 31st March 2008, was 5,289 million (31st March 2007: 5,580 million).

2 Dividends

	Paid/ payable	**Pence per share**	**£m**
2008			
First interim	10th July 2008	13	688

2007			
First interim	12th July 2007	12	670
Second interim	11th October 2007	12	667
Third interim	10th January 2008	13	708
Fourth interim	10th April 2008	16	860
		53	2,905

The liability for an interim dividend is only recognised when it is paid, which is usually after the accounting period to which it relates. The fourth interim dividend for 2007 and first interim dividend for 2008 have not been recognised in these results.

3 Reconciliation of movements in equity

	Q1 2008	2007
	£m	£m
Total equity at beginning of period	**9,910**	9,648
Total recognised income and expense for the period	**1,548**	6,134
Dividends to shareholders	**(708)**	(2,793)
Shares issued	**30**	417
Shares purchased and held as Treasury shares		(3,537)
Shares purchased for cancellation	**(1,591)**	(213)
Consideration received for shares transferred by ESOP Trusts	**6**	116
Shares acquired by ESOP Trusts	**(1)**	(26)
Share-based incentive plans	**52**	237
Tax on share-based incentive plans	**(2)**	4
Distributions to minority shareholders	**(34)**	(77)
Total equity at end of period	**9,210**	9,910

4 Reconciliation of cash flow to movements in net debt

	Q1 2008	Q1 2007
	£m	£m
Net debt at beginning of the period	**(6,039)**	(2,450)
(Decrease)/increase in cash and bank overdrafts	**(1,260)**	(80)
Cash outflow/(inflow) from liquid investments	**14**	(34)
Net increase in long-term loans	**(693)**	
Net repayment of/(increase in) short-term loans	**1,811**	(440)
Net repayment of obligations under finance leases	**12**	9
Exchange adjustments	**(340)**	9
Other non-cash movements	**(46)**	(15)
Increase in net debt	**(502)**	(551)
Net debt at end of the period	**(6,541)**	(3,001)

5 Restructuring

In October 2007, GSK announced a significant new £1.5 billion Operational Excellence programme to improve the effectiveness and productivity of its operations. This new programme is expected to deliver annual pre-tax savings of £700 million by 2010. GSK expects to realise the majority of annual savings within the first two years of the programme, with approximately £350 million expected in 2008 and £550 million in 2009.

One-off charges of £87 million before tax relating to the new Operational Excellence programme were recorded in Q1 2008.

6 Share buy-back programme

GSK repurchased £986 million of shares in Q1 2008, which have been cancelled. Repurchases of £6 billion are expected in 2008.

7 Exchange rates

The results and net assets of the Group, as reported in Sterling, are affected by movements in exchange rates between Sterling and overseas currencies. GSK uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas Group subsidiaries, associates and joint ventures into Sterling and period-end rates to translate the net assets of those undertakings. The currencies which most influence these translations, and the relevant exchange rates, are

	Q1 2008	Q1 2007	31st December 2007
Average rates:			
£/US$	**1.99**	1.96	2.00
£/Euro	**1.32**	1.49	1.46
£/Yen	**210**	234	235
Period-end rates:			
£/US$	**1.99**	1.96	1.99
£/Euro	**1.26**	1.47	1.36
£/Yen	**198**	232	222

During Q1 2008, average sterling exchange rates were stronger against the US Dollar but weaker against the Euro and the Yen compared with Q1 2007. Comparing Q1 2008 period-end rates with Q1 2007 period-end rates, Sterling was also stronger against the US Dollar but weaker against the Euro and the Yen

8 Legal matters

The Group is involved in various legal and administrative proceedings; principally product liability, intellectual property, tax, anti-trust and governmental investigations and related private litigation concerning sales, marketing and pricing which are more fully described in the Legal proceedings note in the Annual Report.

At 31st March 2008, the Group s aggregate provision for legal and other disputes (not including tax matters described under Taxation on page 8 was £1.2 billion. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Significant developments since the date of the 2007 Annual Report are as follows:

With respect to *Paxil CR*, under the terms of the Group s settlement agreement with Mylan, Mylan may be permitted to enter the market for all strengths of *Paxil CR* sometime during the second or third quarter of 2008. Other terms of the settlement remain confidential.

In April 2008, an action was filed against Biovail and GSK by a purported class of direct purchasers in the US District Court for the District of Massachusetts alleging anti-trust violations related to the enforcement of Biovail s *Wellbutrin XL* patents. The action is in its early stages

Developments with respect to tax matters are described in Taxation on page 8.

9 Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the three months ended 31st March 2008 is prepared in accordance with the Listing Rules of the UK Listing Authority, IAS 34 Interim Financial Reporting and the accounting policies set out in the Annual Report 2007

GSK utilises a 3-column approach to the income statement. Business Performance shows GSK s underlying results excluding restructuring charges related to the new Operational Excellence programme announced in October 2007 and significant acquisitions. The middle column shows restructuring costs and the Total column shows the full IFRS total results

Business performance, which is a supplemental measure, is the primary performance measure used by management, and is presented after excluding restructuring charges relating to the new Operational Excellence programme, which commenced in October 2007, and significant acquisitions. Management believes that exclusion of these items provides a better reflection of the way in which the business is managed and gives a more useful indication of the underlying performance of the Group for the periods presented. Total results include these items. The Group reported only total results for Q1 2007

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 previous year. All commentaries are presented in terms of CER growth and compare 2008 business performance results with 2007 total results, unless otherwise stated.

This Results Announcement does not constitute statutory accounts of the Group within the meaning of section 240 of the Companies Act 1985. The balance sheet at, 31st December 2007 has been derived from the full Group accounts published in the Annual Report 2007, which have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 237(2) or section 237(3) of the Companies Act 1985.

Data for market share and market growth rates are GSK estimates based on the most recent data from independent external sources and, where appropriate, are valued in Sterling at relevant exchange rates. Figures quoted for product market share reflect sales by GSK and licensees

Cautionary statement regarding forward-looking statements

This Results Announcement includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended. You should not place undue reliance on these statements. In addition, in the future the Group, and others on the Group s behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- the Group s plans, objectives and goals;
- the Group s future economic performance and prospects;
- the potential effect on the Group s future performance of certain contingencies; and
- assumptions underlying any such statements.

You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as believes, anticipates, expects, intends, estimates and plans and similar expressions are intende identify forward-looking statements but these are not the exclusive means of identifying such statements. The Group does not intend to update these forward-looking statements except as may be required by applicable securities laws. Forward-looking statements are subject to important risks, uncertainties and assumptions that are difficult to predict. The results or events predicted in forward-looking statements may differ materially from actual results or events. Some of the factors that could cause actual results or events to differ from current expectations include the following:

- the cost, uncertainty and other risks associated with the development of new pharmaceutical products that may never reach the market or that may have limited marketability or profitability, despite the Group s significant investment of time and money in their development;
- the unplanned loss of patents as a result of patent infringement litigation, changes in intellectual property laws and regulations or the weakness of intellectual property protection in certain countries in which the Group operates;
- the outcome of current and future legal proceedings and government investigations;
- the highly competitive nature of the pharmaceutical business and potential innovations and technical advances by the Group s competitors, in addition to the intensification of price competition resulting from consolidation in the industry;
- competition from producers of generic pharmaceutical products, especially upon the loss of patents for the Group s products due to their expiration, successful legal challenges to the Group s patents by its competitors or the reduction and relaxation of patent protection in some developing countries;
- new and possibly increasing levels of price controls with respect to the Group s products in many markets;
- the risks associated with the increasingly demanding regulatory controls governing the pharmaceutical industry, which could include increased costs of production and time for product development and regulatory approval, as well as a heightened risk that previously granted regulatory approvals could be withdrawn;
- failures in compliance by the Group s suppliers of key services and materials or the Group s own manufacturing facilities, which could lead to product recalls and seizures, interruption of production and delays in the approvals of new products pending resolution of manufacturing issues, as well as potential fines or disgorgement of profits;
- credit risks of the Group s wholesalers due to increasing concentration of wholesalers to whom the Group sells its products;
- the Group s dependence on information technology systems, including internet-based systems, for internal communication as well as communication with customers and suppliers and the risk of disruptions to these systems;
- changes in tax, inflation, interest or foreign currency exchange rates and controls or other economic factors affecting the Group s businesses or the possibility of political unrest in countries in which the Group does business;
- disruptions due to pandemic influenza, such as the suspension or abrogation of intellectual property rights and disruptions to sale, distribution and manufacturing networks;
- changes in environmental regulations, which could increase the Group s costs of compliance and otherwise affect the Group s business;

the strength of the global economy in general and the strength of the economies of the countries in which the Group conducts its operations in particular;
the effects of changes in accounting policies or practices;
competition for qualified employees;
the Group s ability to maintain sufficient liquidity and to access capital markets; and
acquisitions the Group may undertake in the future.

The Group cautions you that the foregoing list of important factors is not exhaustive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the risk factors set forth in the Group s annual report on Form 20-F for the year ended December 31, 2007.

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: 6 May 2008

GlaxoSmithKline plc
(Registrant)

By: /s/ Victoria Whyte

VICTORIA WHYTE
Authorised Signatory for and on behalf of
GlaxoSmithKline plc