

GLAXOSMITHKLINE PLC

Form 6-K

October 21, 2010

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Issuer**

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

**For the period ending 20<sup>th</sup> October 2010**

**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-F  Form 40-F

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.  
Yes  No

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**SIGNATURES**

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

Date: October 21<sup>st</sup>, 2010

GlaxoSmithKline plc  
(Registrant)

By: /s/ Victoria Whyte  
VICTORIA WHYTE  
Authorised Signatory for and on behalf  
of GlaxoSmithKline plc

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Results announcement for the third quarter 2010

**Q3 EPS before major restructuring of 28.2p\*****Q3 dividend up 7% to 16p****Results before major restructuring\***

	<b>Q3 2010</b>			<b>9 months 2010</b>		
	<b>£m</b>	<b>CER%</b>	<b>£%</b>	<b>£m</b>	<b>CER%</b>	<b>£%</b>
Turnover	<b>6,813</b>	(2)	1	<b>21,195</b>	4	5
Earnings per share	<b>28.2p</b>	(6)	(1)	<b>61.5p</b>	(33)	(28)

**Total results**

	<b>Q3 2010</b>			<b>9 months 2010</b>		
	<b>£m</b>	<b>CER%</b>	<b>£%</b>	<b>£m</b>	<b>CER%</b>	<b>£%</b>
Turnover	<b>6,813</b>	(2)	1	<b>21,195</b>	4	5
Restructuring charges	<b>171</b>			<b>1,062</b>		
Earnings per share	<b>25.3p</b>	(10)	(4)	<b>45.7p</b>	(46)	(41)

The full results are presented under Income Statement on pages 8 and 15.

\* For explanations of the measures results before major restructuring and CER growth, see page 7.

**Summary****Total sales of £6.8 billion (-2%); sales +2% excluding pandemic and Avandia products****Sales diversification continues: strong growth in key investment areas partly offsets declines in US and European pharmaceuticals:**

- USA (-8%) and Europe (-9%) reflecting lower *Avandia* and *Valtrex* sales
- Emerging Markets (+14%); Japan (+3%); Vaccines (+19%); Respiratory (+5%); Dermatology (approximately +6% pro-forma); Consumer Healthcare (+4%)
- Sales from white pills/western markets : 23% (29% Q3 2009)

**9 month sales £21.2 billion (+4%); sales +2% excluding pandemic and Avandia products****Increased new product contribution (excluding pandemic products): Q3 sales +44% to £448 million; 9 month +36% to £1.25 billion****Q3 Avandia charge of £147 million reflecting sales returns (£65 million) and one-off charges (£82 million)**

**Continued focus on ROI, cost management and cash generation:**

- 2010 expectation on Cost of sales, SG&A and R&D unchanged
- 2010 Other operating income expectations lowered to around £500 million following assessment of asset disposal opportunities
- 2010 operating profit margin (excluding legal costs) expected to be in the range of 32% to 32.5%
- 9 month net cash inflow from operating activities of £5.3 billion

**Q3 tax rate 24.4%\* reflecting resolution of certain historical tax matters**

- 2010 tax rate now expected to be around 29%\*

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### **GSK's strategic priorities**

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

#### **Grow a diversified global business**

#### **Deliver more products of value**

#### **Simplify GSK's operating model**

### **Chief Executive Officer's Review**

GSK's **growth/risk profile** is fundamentally changing. Our strategy to diversify our business is generating sustained sales growth from **key investment areas** such as Vaccines, Respiratory, Dermatology, Emerging Markets, Japan and Consumer Healthcare.

At the same time, our generic exposure in the USA is reducing and regulatory uncertainty around *Avandia* has diminished.

This is not to say that significant issues do not remain. Clearly our **operating environment is challenging** and the measures being put in place by governments to reform healthcare and reduce deficits are impacting our performance along with others in our sector.

Overall, we estimate Group turnover was reduced by approximately 2% in the quarter as a result of US healthcare reform and European government austerity measures.

Comparison to high pandemic product sales a year ago and continued sales declines of *Avandia* and *Valtrex* impacted our overall sales growth for the quarter. Excluding these three factors, **Group sales growth** was around 6% and it is worth noting that these particular headwinds will diminish rapidly over the next 12 months.

This underlying sales growth for GSK is a direct result of the strategy we have been implementing to significantly shift investment and resources to support expansion in key business areas and new products.

New product sales grew 44% in the quarter to £448 million. Year to date sales were £1.25 billion and I am pleased that this includes more than £200 million of sales from new **oncology** products, *Tykerb*, *Arzerra* and *Votrient*.

In **Consumer Healthcare**, our sales again grew faster than the markets in which we compete (4% vs 3%). Q3 reported growth was impacted by a difficult year-on-year comparison following *alli*'s launch in Europe last year. Momentum in most other OTC categories and in our Oral care and Nutritionals units is positive. Nutritionals especially stands out this quarter with new product innovation in emerging markets such as India helping drive sales growth of 12%.

Disciplined **allocation of capital** and continued cost reduction remain key priorities for GSK.

We are on track to deliver £2.2 billion of annual **restructuring** savings by 2012 and now expect to realise certain savings in R&D earlier than expected. The R&D cost savings programme announced earlier this year, which included termination of certain areas of discovery research and a significant reduction in infrastructure, is ahead of plan with the majority of savings now expected in 2011.

In addition to reducing cost, one of the key levers to **improving returns on investment in R&D** is through improved productivity. We continue to develop a deep and comprehensive pipeline of assets and are relentlessly focused on deriving clinical differentiation and value for money. In the coming months I expect to see further maturation of several late stage assets with increased visibility of their profile.

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For example in respiratory, we are seeing very good progress with positive efficacy data for *Relovair* presented at the European Respiratory Society conference in September. The phase III programme has now enrolled over 8,000 patients and many key studies have completed recruitment.

**Cash generation** remains strong but was impacted in the quarter by the payout of previously settled legal charges of £876 million, a trend which we expect to continue over the next 12 months as we discharge our liabilities.

Our free cash flow continues to be directed firstly towards delivering a progressive dividend (Q3 dividend 16p up 7%) with further available free cash flow and debt capacity used to invest in our strategic priorities and then finally in other cash returns to shareholders. I believe this is the right approach to deliver shareholder value and to maintain sufficient flexibility which is critical given our sector dynamics and the current economic environment.

We continue to apply strict financial criteria to our **investment decisions** and following an assessment of potential asset disposal opportunities, we do not foresee making any further significant disposals this year. As a result we are lowering our expectations for **other operating income** this year to be around £500 million. We have also adjusted our **full year tax rate** expectation by 1.5% to around 29%, following progress made to resolve certain historical tax matters.

Taking a full and balanced role in **improving global healthcare** continues to be very important to GSK. Last week, we made a landmark commitment to significantly expand donation of our medicine albendazole to treat children at risk of intestinal worms in Africa. We are now working with World Health Organization and other partners to put an implementation programme in place.

In conclusion, this third quarter marks another positive step forward in execution of our strategy and, despite the challenging environment we face, I remain confident that GSK's **outlook** continues to improve and that we are well placed to deliver long-term growth and value for shareholders.

**Andrew Witty**

Chief Executive Officer

*A short video interview with Andrew Witty discussing today's results and GSK's strategic progress is available on [www.gsk.com](http://www.gsk.com)*

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**Table of Contents****Trading update****Turnover and key product movements impacting growth Q3 2010**

Total Group turnover for the quarter declined 2% to £6,813 million, with pharmaceutical turnover down 3% to £5,553 million and Consumer Healthcare sales up 4% to £1,260 million. Excluding pandemic products, Group sales were level in the quarter. Excluding pandemic products and *Avandia*, Group sales were up 2% in the quarter. Within pharmaceuticals, sales declines in the USA (-8% to £1,950 million), Europe (-9% to £1,428 million) and Asia Pacific/Japan (-2% to £693 million) were partly offset by sales growth in Emerging Markets (+14% to £873 million). In the USA strong sales growth in the quarter for Vaccines (+32% to £278 million), *Lovaza* (+20% to £137 million) and Oncology (+34% to £89 million) were more than offset by lower sales of *Valtrex* due to generic competition, lower sales of *Avandia*, and the discontinuation of GSK's promotion of *Boniva*. Sales growth in Europe was negatively impacted by delays in government vaccine tenders and shipments, government mandated price reductions, declines in *Valtrex* and *Avandia* and a negative year-on-year comparison for pandemic product sales.

In Emerging Markets, strong sales growth was delivered across the portfolio including Vaccines (+29% to £216 million), Dermatologicals (+35% to £73 million), CNS medicines (+22% to £63 million) and Respiratory medicines (+11% to £145 million). The region also benefitted from the June 2010 acquisition of Laboratorios Phoenix S.A.C.yF, a leading Argentinean pharmaceutical business, which contributed sales of £20 million in the third quarter. Sales of *Seretide/Advair* grew 5% to £1,243 million in the quarter. Reported US sales were up 6% to £649 million. Underlying US growth for the quarter is estimated to be approximately 1%, with the difference from reported growth primarily due to wholesaler stocking patterns. Total *Advair* growth was helped by strong performances in Japan (+16% to £57 million) and Emerging Markets (+11% to £77 million). European sales of £370 million were level with last year. Several other respiratory products delivered strong growth including *Avamys/Veramyst* (+23% to £40 million), *Ventolin* (+15% to £130 million) and *Flovent* (+7% to £187 million).

Total vaccine sales were £982 million (+19%) including £58 million of pandemic H1N1 vaccine sales (Q3 2009: £11 million). Strong growth in the USA (+32% to £278 million), Emerging Markets (+29% to £216 million) and Asia Pacific/Japan (>100% to £128 million) more than offset a reduction in Europe (-8% to £310 million). Several new vaccines contributed growth including *Synflorix* (more than doubling to £90 million with a significant contribution of £68 million related to the 10 year Brazil supply agreement), *Cervarix* (+64% to £48 million, including £19 million in Japan) and *Boostrix* (+49% to £59 million). Sales of the Hepatitis vaccines grew 9% to £189 million and seasonal flu sales grew 14% to £167 million. *Rotarix* sales were down 40% to £52 million. The product is beginning to recover market share lost following its temporary suspension from several markets earlier in the year.

*Relenza* sales were £18 million, down 91% compared with Q3 2009 which benefited from significant government orders.

Dermatology sales were £272 million in the quarter, including heritage GSK products and those acquired through the acquisition of Stiefel in July 2009 (approximately 6% growth on a pro-forma basis). In addition, GSK's heritage consumer dermatology portfolio, reported within Consumer Healthcare, contributed sales of £67 million (+7%). Other strong pharmaceutical performances in the quarter included *Tykerb* (+26% to £58 million), *Lovaza* (+20% to £138 million), *Arixtra* (+17% to £72 million), and *Avodart* (+16% to £156 million). Newly launched oncology products *Votrient* and *Arzerra* delivered sales in the quarter of £11 million and £9 million, respectively.

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*Valtrex* sales (-75% to £95 million) continued to be impacted by generic competition in the USA and Europe. *Boniva* reported sales of £17 million were down 70%, primarily reflecting the transfer to Genentech of the exclusive promotion rights in the USA on 1st January 2010.

*Avandia* sales declined by 65% to £70 million. On 23rd September 2010 the European Medicines Agency suspended marketing authorisation for all *Avandia* containing products and the US Food and Drug Administration announced additional measures to ensure continued safe use of *Avandia*, including a Risk and Evaluation and Mitigation Strategy (REMS) programme. As a result, Q3 2010 sales are negatively impacted by a provision related to anticipated sales returns of £65 million and GSK expects global sales of *Avandia* containing products to be in the range of approximately £100 million to £150 million in the second half of 2010 and to be minimal thereafter.

Sales of HIV products by ViiV Healthcare were down 1% to £401 million. Sales of the former Pfizer products *Selzentry* and *Viracept* (combined sales of £30 million in the quarter) and growth from *Epzicom/Kivexa* (+3% to £138 million) partly offset reductions in the sales from other HIV products including *Trizivir* (-21% to £38 million) and *Combivir* (-10% to £96 million).

Total Consumer Healthcare sales were up 4% to £1,260 million. Excluding *alli* sales in Europe where comparison was impacted by launch activity in 2009, the business continued to perform strongly (+5%), outperforming market growth estimated at approximately 3%.

On a regional basis, sales in the Rest of World markets continued to perform strongly (+15% to £520 million) with growth across all major categories. In Europe, sales were down 2% to £491 million, mainly due to lower sales of *alli*. Excluding the impact of the *alli* comparison, underlying sales in Europe were up 1%. US sales for the business were down 4% to £249 million, primarily due to macroeconomic pressures on higher priced, non-essential OTC and Oral healthcare products.

On a category basis, global Oral healthcare sales grew 4% to £400 million led by growth of *Sensodyne*. Nutritional healthcare sales grew 12% to £259 million, with growth of 22% to £130 million in the Rest of World markets driven by innovation, geographic expansion and enhanced marketing behind the Horlicks brand. Sales of OTC medicines were £601 million, up 1%, reflecting lower sales of *alli* in both the USA and Europe. Excluding *alli*, OTC medicines grew 5%, led by strong growth in Rest of World markets.

**Operating profit and earnings per share commentary Q3 2010****Results before major restructuring**

Operating profit before major restructuring for Q3 2010 was £2,129 million, a 9% decline in CER terms, principally reflecting charges booked in Q3 2010 related to *Avandia*.

Cost of sales was 27.5% of turnover, higher than Q3 2009 at 25.6%, and included inventory and asset impairments and other costs of £77 million related to *Avandia*. Excluding these charges, cost of sales was 26.4% of turnover. The remaining increase in margin arose from the impact of generic competition to higher margin products in the USA, principally *Valtrex*, and changes in business and product mix.

SG&A costs as a percentage of turnover were 28.7%, lower than last year (Q3 2009: 30.5%). Legal costs were £48 million in the quarter (Q3 2009: £63 million). Excluding legal costs, SG&A costs declined 9% and were 28.0% of turnover (Q3 2009: 29.6%) with continued growth of investment in Emerging Markets, more than offset by operational excellence savings in the USA and Europe.

R&D expenditure was 13.9% of turnover, in line with expectations (Q3 2009: 12.8%). The prior year comparative benefited from a provision release due to reassessment of a receivable balance.

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Other operating income was £95 million in the quarter, compared with £123 million in the third quarter last year. Royalty income was £76 million (Q3 2009: £103 million) with the prior year quarter benefiting from settlement of a royalty dispute.

The charge for taxation on profit before major restructuring amounted to £480 million and represented an effective tax rate of 24.4% (Q3 2009: 28.3%) which reflected the settlement of certain historical matters.

EPS before major restructuring of 28.2p decreased 6% in CER terms (a 1% decrease in sterling terms). The favourable currency impact was primarily due to the weakness of Sterling against most currencies other than the Euro.

### **Total results after restructuring**

Operating profit after restructuring for Q3 2010 was £1,958 million, down 10% CER and 5% in sterling terms. This included £171 million of charges related to restructuring (Q3 2009: £152 million): £31 million was charged to cost of sales (Q3 2009: £50 million); £84 million to SG&A (Q3 2009: £82 million) and £56 million to R&D (Q3 2009: £20 million). The restructuring charges primarily arose from several site exits.

Earnings per share after restructuring was 25.3p compared with 26.3p in Q3 2009.

### **Cash flow and net debt**

Net cash inflow from operating activities for the nine months was £5,332 million, a 4% decrease in sterling terms over the previous year reflecting higher settlement of legal claims in the current period. This net inflow was used to fund net interest of £341 million, capital expenditure on property, plant and equipment and intangible assets of £1,189 million, acquisitions of £167 million, repayment of short-term loans of £1,300 million and the dividends paid to shareholders of £2,446 million.

Net debt decreased by £652 million during the nine months to £8.8 billion at 30th September 2010, comprising gross debt of £15.2 billion and cash and liquid investments of £6.4 billion.

At 30th September 2010, GSK had short-term borrowings (including overdrafts) repayable within 12 months of £386 million with loans of £651 million repayable in the subsequent 12 months.

### **Dividends**

The Board has declared a third interim dividend of 16 pence per share (Q3 2009: 15 pence). The equivalent interim dividend receivable by ADR holders is 50.7360 cents per ADS based on an exchange rate of £1/\$1.5855. The ex-dividend date will be 27th October 2010, with a record date of 29th October 2010 and a payment date of 6th January 2011.

### **Currency impact**

The Q3 results are based on average exchange rates, principally £1/\$1.56, £1/ 1.18 and £1/Yen 134. Comparative exchange rates are given on page 28. The period end exchange rates were £1/\$1.58, £1/ 1.15 and £1/Yen 132. If exchange rates were to hold at these period end levels for the rest of 2010 and there were no exchange gains or losses in the fourth quarter, the estimated positive impact on 2010 sterling EPS growth before major restructuring would be approximately 5 percentage points.

### **Additional income statement information**

To improve transparency and understanding of our increasingly diversified business additional detailed financial information is provided on pages 29 to 32.

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

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**Results before major restructuring**

Results before major restructuring is a measure used by management to assess the Group's financial performance and is presented after excluding restructuring charges relating to the Operational Excellence programme, which commenced in October 2007 and the acquisitions of Reliant Pharmaceuticals in December 2007 and Stiefel in July 2009. Management believes that this presentation assists shareholders in gaining a clearer understanding of the Group's financial performance and in making projections of future financial performance, as results that include such costs, by virtue of their size and nature, have limited comparative value.

**CER growth**

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

**Brand names and partner acknowledgements**

Brand names appearing in italics throughout this document are trademarks of GSK or associated companies or used under licence by the Group.

**White pills/western markets**

White pills/western markets refers to sales of tablets and simple injectables (excluding biopharmaceuticals and vaccines) in North America and Europe.

**Cautionary statement regarding forward-looking statements**

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under Risk Factors in the Business Review in the company's Annual Report on Form 20-F for 2009.

GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom Registered in England and Wales. Registered number: 3888792

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**Table of Contents****Income statement****Three months ended 30th September 2010**

	Results before major restructuring		Major restructuring		Total Q3 2010	Results before major restructuring	Major restructuring	Total Q3 2009
	Q3 2010 £m	Growth CER%	Q3 2010 £m	Q3 2010 £m	Q3 2009 £m	Q3 2009 £m	Q3 2009 £m	Q3 2009 £m
<b>TURNOVER</b>	<b>6,813</b>	<b>(2)</b>		<b>6,813</b>	<b>6,758</b>			<b>6,758</b>
Cost of sales	(1,875)	9	(31)	(1,906)	(1,732)	(50)		(1,782)
Gross profit	<b>4,938</b>	<b>(6)</b>	<b>(31)</b>	<b>4,907</b>	5,026	(50)		4,976
Selling, general and administration	(1,956)	(9)	(84)	(2,040)	(2,064)	(82)		(2,146)
Research and development	(948)	8	(56)	(1,004)	(862)	(20)		(882)
Other operating income	95			95	123			123
<b>OPERATING PROFIT</b>	<b>2,129</b>	<b>(9)</b>	<b>(171)</b>	<b>1,958</b>	2,223	(152)		2,071
Finance income	22			22	19			19
Finance expense	(196)		(1)	(197)	(199)			(199)
Share of after tax profits of associates and joint ventures	16			16	22			22
<b>PROFIT BEFORE TAXATION</b>	<b>1,971</b>	<b>(10)</b>	<b>(172)</b>	<b>1,799</b>	2,065	(152)		1,913
Taxation	(480)		24	(456)	(585)	43		(542)
<i>Tax rate %</i>	<i>24.4%</i>			<i>25.3%</i>	<i>28.3%</i>			<i>28.3%</i>
<b>PROFIT AFTER TAXATION FOR THE PERIOD</b>	<b>1,491</b>	<b>(5)</b>	<b>(148)</b>	<b>1,343</b>	1,480	(109)		1,371
Profit attributable to non-controlling	55			55	36			36

interests						
Profit attributable to shareholders	<b>1,436</b>	<b>(148)</b>	<b>1,288</b>	1,444	(109)	1,335
	<b>1,491</b>	<b>(148)</b>	<b>1,343</b>	1,480	(109)	1,371
<b>EARNINGS PER SHARE</b>	<b>28.2P</b>	<b>(6)</b>	<b>25.3P</b>	28.5P		26.3P
Diluted earnings per share	<b>28.0P</b>		<b>25.1P</b>	28.3P		26.1P

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	Total		USA		Europe		Emerging Markets		Rest of World	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%	£m	CER%
<b>Respiratory</b>	<b>1,726</b>	<b>5</b>	<b>846</b>	<b>9</b>	<b>488</b>	<b>(3)</b>	<b>145</b>	<b>11</b>	<b>247</b>	<b>5</b>
<i>Avamys/Veramyst</i>	40	23	15	(7)	10	11	8	>100	7	50
<i>Flixonase/Flonase</i>	32	11	8	>100	8		9	(11)	7	(14)
<i>Flixotide/Flovent</i>	187	7	105	19	33	(11)	10		39	(3)
<i>Seretide/Advair</i>	1,243	5	649	6	370		77	11	147	11
<i>Serevent</i>	48	(13)	16	(6)	24	(11)	1		7	(36)
<i>Ventolin</i>	130	15	50	37	32	(9)	27	18	21	11
<i>Zyrtec</i>	19						4	(33)	15	17
<b>Anti-virals</b>	<b>218</b>	<b>(68)</b>	<b>57</b>	<b>(84)</b>	<b>24</b>	<b>(71)</b>	<b>56</b>	<b>(10)</b>	<b>81</b>	<b>(55)</b>
<i>Hepsera</i>	32	7					16	25	16	(6)
<i>Relenza</i>	18	(91)	13	(73)	2	(95)	1	(92)	2	(98)
<i>Valtrex</i>	95	(75)	27	(91)	14	(63)	7		47	8
<i>Zeffix</i>	55	(4)	3	(25)	7	(14)	32	7	13	(14)
<b>Central nervous system</b>	<b>436</b>	<b>1</b>	<b>124</b>	<b>3</b>	<b>131</b>	<b>(4)</b>	<b>63</b>	<b>22</b>	<b>118</b>	<b>(4)</b>
<i>Imigran/Imitrex</i>	53	(4)	18	(11)	22		1		12	
<i>Lamictal</i>	131	7	70	5	35	(8)	15	27	11	63
<i>Requip</i>	58	33	13	>100	32		1		12	(23)
<i>Seroxat/Paxil</i>	115	(11)	5		19	(14)	19		72	(14)
<i>Treximet</i>	13	(13)	13	(13)						
<i>Wellbutrin</i>	18	13	4	(25)	10	25	3	33	1	
<b>Cardiovascular and urogenital</b>	<b>650</b>	<b>15</b>	<b>409</b>	<b>17</b>	<b>144</b>	<b>4</b>	<b>34</b>	<b>21</b>	<b>63</b>	<b>28</b>
<i>Arixtra</i>	72	17	43	28	22	(8)	3	50	4	100
<i>Avodart</i>	156	16	87	5	41	19	8	33	20	89
<i>Coreg</i>	44	8	43	8					1	
<i>Fraxiparine</i>	54				34	(17)	15	27	5	>100
<i>Lovaza</i>	138	20	137	20					1	
<i>Vesicare</i>	28	8	27	4					1	
<i>Volibris</i>	11	100			10	100	1			
<b>Metabolic</b>	<b>125</b>	<b>(58)</b>	<b>32</b>	<b>(78)</b>	<b>37</b>	<b>(42)</b>	<b>12</b>	<b>(61)</b>	<b>44</b>	<b>(28)</b>
<i>Avandia products</i>	70	(65)	33	(70)	20	(52)	2	(90)	15	(50)
<i>Bonvival/Boniva</i>	17	(70)		(100)	13	(41)	1		3	67
<b>Anti-bacterials</b>	<b>333</b>	<b>(4)</b>	<b>14</b>	<b>(41)</b>	<b>121</b>	<b>(9)</b>	<b>151</b>	<b>7</b>	<b>47</b>	
<i>Augmentin</i>	153	(7)	1	(89)	55	(16)	74	6	23	24
<b>Oncology and emesis</b>	<b>172</b>	<b>13</b>	<b>89</b>	<b>34</b>	<b>49</b>	<b>(2)</b>	<b>17</b>	<b>6</b>	<b>17</b>	<b>(17)</b>



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<i>Arzerra</i>	9		8		1					
<i>Hycamtin</i>	35	(15)	21	(17)	11	(21)	2		1	100
<i>Promacta</i>	7	>100	6	100	1					
<i>Tyverb/Tykerb</i>	58	26	18	42	23	21	9	29	8	13
<i>Votrient</i>	11		9		1				1	
<b>Vaccines</b>	<b>982</b>	<b>19</b>	<b>278</b>	<b>32</b>	<b>310</b>	<b>(8)</b>	<b>216</b>	<b>29</b>	<b>178</b>	<b>81</b>
<i>Boostrix</i>	59	49	41	67	12	9	2		4	
<i>Cervarix</i>	48	64	4		11	(35)	8	17	25	>100
<i>Fluarix, FluLaval</i>	167	14	81	29	50	(13)	19	36	17	50
Flu Pandemic	58	>100	1		2	(50)	6		49	>100
Hepatitis	189	9	97	39	55	(14)	20	(9)	17	
<i>Infanrix, Pediarix</i>	168	1	38	23	96	(6)	16	7	18	(6)
<i>Rotarix</i>	52	(40)	17	(27)	8	(43)	20	(56)	7	40
<i>Synflorix</i>	90	>100			9	(9)	74	>100	7	>100
<b>Dermatologicals</b>	<b>272</b>	<b>20</b>	<b>93</b>	<b>22</b>	<b>59</b>	<b>15</b>	<b>73</b>	<b>35</b>	<b>47</b>	<b>2</b>
<i>Bactroban</i>	33	(3)	14	(7)	7		8	14	4	(25)
<i>Dermovate</i>	18				5		7		6	
<i>Duac</i>	33	39	20	27	5	50	3	50	5	100
<i>Soriatane</i>	19	58	19	58						
<i>Zovirax</i>	31	11	8	75	6		6	20	11	(9)
<b>Other</b>	<b>238</b>	<b>14</b>	<b>8</b>	<b>14</b>	<b>65</b>	<b>(6)</b>	<b>106</b>	<b>30</b>	<b>59</b>	<b>14</b>
	<b>5,152</b>	<b>(4)</b>	<b>1,950</b>	<b>(8)</b>	<b>1,428</b>	<b>(9)</b>	<b>873</b>	<b>14</b>	<b>901</b>	<b>(1)</b>
<b>ViiV Healthcare</b>										
<b>(HIV)</b>	<b>401</b>	<b>(1)</b>	<b>162</b>	<b>(8)</b>	<b>136</b>	<b>(10)</b>	<b>59</b>	<b>73</b>	<b>44</b>	<b>6</b>
<i>Combivir</i>	96	(10)	36	(19)	26	(25)	24	69	10	(20)
<i>Epivir</i>	31	(15)	10	(25)	9	(25)	7	75	5	(33)
<i>Epzicom/Kivexa</i>	138	3	50	(8)	57	(2)	12	86	19	23
<i>Lexiva</i>	39	(12)	19	(25)	13	(13)	7	>100		(33)
<i>Selzentry</i>	20		8		10				2	
<i>Trizivir</i>	38	(21)	19	(22)	15	(16)	3	(75)	1	100
	<b>5,553</b>	<b>(3)</b>								

Pharmaceutical turnover includes co-promotion income.

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**Table of Contents****Consumer Healthcare turnover  
Three months ended 30th September 2010**

	£m	Total CER%
Over-the-counter medicines	601	1
Oral healthcare	400	4
Nutritional healthcare	259	12
	1,260	4
	£m	Total CER%
USA	249	(4)
Europe	491	(2)
Rest of World	520	15
	1,260	4

**Statement of comprehensive income**

	Q3 2010 £m	Q3 2009 £m
Profit for the period	1,343	1,371
Exchange movements on overseas net assets and net investment hedges	267	457
Reclassification of exchange on liquidation or disposal of overseas subsidiaries	(2)	
Fair value movements on available-for-sale investments	63	69
Deferred tax on fair value movements on available-for-sale investments	(7)	(7)
Reclassification of fair value movements on available-for-sale investments		33
Deferred tax reversed on reclassification of available-for-sale investments		6
Actuarial gains on defined benefit plans	182	434
Deferred tax on actuarial movements in defined benefit plans	(47)	(102)
Fair value movements on cash flow hedges	(3)	
Deferred tax on fair value movements on cash flow hedges	2	
Reclassification of cash flow hedges to income statement	(4)	
Other comprehensive income for the period	451	890
Total comprehensive income for the period	1,794	2,261
Total comprehensive income for the period attributable to:		
Shareholders	1,750	2,217
Non-controlling interests	44	44
	1,794	2,261

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**Table of Contents****GSK's late-stage pharmaceuticals and vaccines pipeline to be updated**

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

The following assets were listed as approved or terminated in the last quarterly update and are no longer included in the table: *Duodart/Jalyn*, *Votrient RCC*, *Tykerb* first line metastatic in HR positive patients, new generation flu vaccine.

<b>Biopharmaceuticals</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
	CLL (first line & relapsed)	Ph III	Ph III	
	NHL (FL)	Ph III	Ph III	Bendamustine combination study in rituximab refractory NHL commenced in September 2010.
<i>Arzerra</i> (ofatumumab)	NHL (DLBCL)	Ph III	Ph III	Negative top-line interim results from a Phase II study in heavily pretreated patients were announced in August 2010.
	RA/MS			Development in autoimmune conditions refocused on subcutaneous delivery (i.v. development stopped).
<i>Benlysta</i> (belimumab)	Systemic lupus	Filed Jun 2010	Filed Jun 2010	FDA granted priority review, with a PDUFA date of 9th December 2010. AdCom meeting scheduled for 16th November 2010.
	otelixizumab	Ph III	Ph III	
	<i>Syncria</i>	Ph III	Ph III	
	<i>Prolia</i> (denosumab)	n/a	Launched	Filings taking place in expansion territory emerging markets.
<b>Cardiovascular &amp; Metabolic</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
	<i>Avandamet XR</i>			No longer being developed.
	<i>Avandia</i> + statin			No longer being developed.
	darapladib	Ph III	Ph III	
<b>Neurosciences</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
	<i>Horizant</i>	Filed	Ph III	

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almorexant	Primary insomnia	Ph III	Ph III	
<i>Potiga</i> (ezogabine)/ <i>Trobalt</i> (retigabine)	Epilepsy	Filed	Filed	Positive FDA Advisory Committee meeting on 11th August 2010. PDUFA date delayed to 30th November 2010.
<b>Oncology</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
<i>Promacta/Revolade</i>	Hepatitis C	Ph III	Ph III	
	CLD	Ph III	Ph III	Next steps under review.
<i>Avodart</i>	Prostate cancer prevention	Filed	Filed	
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<b>Oncology / contd.</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
<i>Votrient</i> (pazopanib)	Sarcoma	Ph III	Ph III	
	Ovarian	Ph III	Ph III	
<i>Tykerb</i>	First-line metastatic breast cancer	Ph III	Ph III	
	Adjuvant breast cancer	Ph III	Ph III	
	Head & neck cancer	Ph III	Ph III	
	Gastric cancer	Ph III	Ph III	
1120212 (MEK inhibitor)	Metastatic melanoma			Phase IIb data presented at ASCO and ESMO.
2118436 (BRaf inhibitor)	Metastatic melanoma			Phase IIb data presented at ASCO and ESMO.
<b>Respiratory &amp; Immuno-inflammation</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
<i>Relovair</i> HORIZON ( 444 & 698)	COPD	Ph III	Ph III	Phase IIb data presented at ERS in September 2010.
	Asthma	Ph III	Ph III	Phase IIb data presented at ERS in September 2010.
<b>Rare Diseases</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
2402968 (PRO051)	Duchenne muscular dystrophy			Expect to commence dosing in Phase III study in Q4 2010.
Ex-vivo stem cell gene therapy	adenosine deaminase severe combined immune deficiency (ADA-SCID)		Ph II/III	Alliance with Fondazione Telethon and Fondazione San Raffaele announced 18th October 2010.
<b>Vaccines</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
<i>Menhibrix</i> (HibMenCY-TT)	MenCY and Hib prophylaxis	Filed	n/a	Expect to respond to FDA Complete Response letter in Q4 2010.
MAGE-A3	Melanoma	Ph III	Ph III	
	NSCLC	Ph III	Ph III	
<i>Nimenrix</i> (MenACWY)	MenACWY prophylaxis	Ph III	Ph III	
<i>Simplirix</i>	Genital herpes prophylaxis			Primary efficacy endpoint was not met in the Herpevac study. No longer in development.

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Herpes zoster	Shingles prophylaxis	Ph III	Ph III	Phase III study commenced in August 2010.
<i>Mosquirix</i>	Malaria prophylaxis	n/a	n/a	Phase III study ongoing in Africa.
<b>HIV (ViiV Healthcare)</b>		<b>USA</b>	<b>EU</b>	<b>News update in the quarter</b>
1349572	HIV integrase inhibitor	Ph III	Ph III	Phase III study commenced on 21st October 2010.

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**Table of Contents****Turnover and key product movements impacting growth 9 months 2010**

Total Group turnover grew 4% to £21.2 billion, with pharmaceutical turnover up 3% to £17.5 billion and Consumer Healthcare sales up 5% to £3.7 billion.

On a regional basis, US pharmaceuticals sales declined 7% to £5.8 billion, primarily due to the impact of generic competition to *Valtrex*, lower sales of *Avandia*, the discontinuation of GSK's promotion of *Boniva* and the sale of *Wellbutrin XL* in May of 2009, partially offset by the acquisition of Stiefel. The sales decline in the USA has been more than offset by growth in other regions: Europe (+3% to £4.9 billion), Emerging markets (+24% to £2.6 billion) and Asia Pacific/Japan (+17% to £2.3 billion).

*Seretide/Advair* sales grew 5% for the first nine months of 2010 to £3.8 billion. US sales were up 2% to £1.9 billion and Europe sales were up 3% to £1.2 billion. Sales growth of *Seretide/Advair* was strong in both Emerging Markets (+17% to £243 million) and Asia Pacific/Japan (+16% to £282 million).

Several other respiratory products delivered growth including *Avamys/Veramyst* (+29% to £143 million), *Ventolin* (+11% to £380 million) and *Flovent* (+4% to £584 million).

Total vaccine sales grew 51% to £3.3 billion, including £1.0 billion of H1N1 vaccine sales (2009: £47 million).

Several new vaccines contributed growth including: *Synflorix* (more than doubled to £173 million), *Boostrix* (+26% to £132 million) and *Cervarix* (+15% to £175 million). Sales of the Hepatitis vaccines grew 8% to £556 million, *Infanrix/Pediarix* grew 3% to £510 million and seasonal flu sales grew 1% to £172 million. *Rotarix* sales were down 27% to £156 million, as the product continues to recover market share lost following its temporary suspension from several markets earlier in the year.

*Relenza* sales were £110 million, down 77%, after significant government orders in 2009.

Dermatology sales were £799 million during the first nine months, including heritage GSK products and those acquired through the acquisition of Stiefel in July 2009 (approximately 5% growth on a pro-forma basis). In addition, GSK's heritage consumer dermatology portfolio, reported within Consumer Healthcare, contributed sales of £193 million (+7%).

Other strong pharmaceutical performances in the nine months included *Tykerb* (+38% to £167 million), *Arixtra* (+23% to £221 million), *Lovaza* (+19% to £383 million), and *Avodart* (+17% to £452 million). Newly launched oncology products *Votrient* and *Arzerra* delivered sales of £24 million and £22 million, respectively.

*Valtrex* sales (-60% to £436 million) have been impacted by generic competition in the USA and Europe. *Boniva*'s reported sales of £60 million were down 68%, primarily reflecting the transfer to Genentech of the exclusive promotion rights in the USA on 1st January 2010. Reported sales of *Wellbutrin* declined 46% to £59 million, reflecting the sale of *Wellbutrin XL* in the USA to Biovail in Q2 2009.

*Avandia* sales declined by 33% to £391 million. On 23rd September 2010 the European Medicines Agency suspended marketing authorisation for all *Avandia* containing products and the US Food and Drug Administration announced additional measures to ensure continued safe use of *Avandia*, including a Risk Evaluation and Mitigation Strategy (REMS) programme. As a result, sales are negatively impacted by a provision related to anticipated sales returns (£65 million) and GSK expects global sales of *Avandia* containing products to be in the range of approximately £100 million to £150 million in the second half of 2010 and to be minimal thereafter.

Sales of HIV products by ViiV Healthcare were down 2% to £1.2 billion. Sales of the former Pfizer products *Selzentry* and *Viracept* (combined sales of £88 million) and growth from *Epzicom/Kivexa* (+3% to £409 million) helped to offset reductions in the sales from other HIV products including *Trizivir* (-26% to £112 million) and *Combivir* (-17% to £264 million).

Total Consumer Healthcare sales were up 5% to £3.7 billion. Excluding *alli* sales in Europe where growth was impacted by launch activity in 2009, the business has performed strongly (+6%), significantly outgrowing market growth estimated at approximately 3%.

Sales in the Rest of World grew 13% to £1,530 million. Europe sales grew 1% to £1,455 million and the business in the USA was level with last year with sales of £758 million.

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On a category basis, global Oral care sales grew 6% to £1,191 million led by growth of *Sensodyne*. Nutritional healthcare sales grew 10% to £741 million, with growth of 17% to £380 million in the Rest of World markets. Sales of OTC medicines were £1,811 million, up 3%, reflecting lower sales of *alli* in both the USA and Europe. Excluding *alli*, the category grew 5%, led by growth in Rest of World markets.

**Operating profit and earnings per share commentary 9 months 2010****Results before major restructuring**

Operating profit before major restructuring for the nine months to 30th September 2010 was £5,165 million, a 26% decline in CER terms, primarily due to significant legal costs incurred in the second quarter of 2010.

Cost of sales increased to 25.6% of turnover (2009: 24.6%) principally reflecting the impact of generic competition to higher margin products in the USA and inventory and asset impairments related to *Avandia*. The company continues to expect cost of sales as a percentage of turnover to be around 26% for the full year.

SG&A costs were impacted by legal costs of £1,836 million (2009: £199 million). Excluding legal costs, SG&A costs grew 2% and were 29.5% of turnover (2009: 30.8%) reflecting the benefits of the restructuring programme offset by expansion in developing markets. The company continues to expect SG&A costs excluding legal charges to be around 29% of turnover for the full year.

R&D expenditure at 13.6% of turnover (2009: 14.0%) reflected the phasing of project expenditure, good progress on efficiency savings and a positive comparison with last year, which included a higher level of intangible asset write-offs partly offset by the reassessment of a receivable balance. The company continues to expect R&D costs as a percentage of turnover to be around 14% for the full year.

Other operating income for the nine months to 30th September was £375 million compared with £582 million in 2009 which benefited from the disposal of *Wellbutrin XL*. Royalty income was £222 million (2009: £229 million).

The company now expects other operating income for the year of around £500 million (previously £800-£900 million). GSK's operating margin for 2010 is now expected to be in the range of 32% to 32.5% (excluding legal costs).

The charge for taxation on profit before major restructuring amounted to £1,410 million and represented an effective tax rate of 30.0% for the nine months to 30th September 2010. The company now expects the effective tax rate for the full year to be around 29%.

EPS before major restructuring of 61.5p decreased 33% in CER terms (a 28% decrease in sterling terms). The favourable currency impact primarily reflected the weakness of Sterling against most currencies other than the Euro.

**Total results after restructuring**

Operating profit after restructuring and legal charges of £1,836 million for the nine months to 30th September was £4,103 million, down 36% CER and 31% in sterling terms. This included £1,062 million of restructuring charges (2009: £602 million): £90 million was charged to cost of sales (2009: £264 million), £493 million to SG&A (2009: £218 million) and £479 million to R&D (2009: £120 million). The restructuring charges were incurred primarily in relation to US sales force reductions and various site exits.

The Group's operational excellence programme remains on track to deliver £2.2 billion of annual cost savings by 2012, with £1.5 billion expected by the end of 2010.

Earnings per share after restructuring of 45.7p decreased 46% CER and 41% in sterling terms compared with the same period in 2009.

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**Table of Contents****Income statement****Nine months ended 30th September 2010**

	Results before major restructuring 9 months 2010 £m	Growth CER %	Major restructuring 9 months 2010 £m	Total 9 months 2010 £m	Results before major restructuring 9 months 2009 £m	Major restructuring 9 months 2009 £m	Total 9 months 2009 £m
<b>TURNOVER</b>	<b>21,195</b>	<b>4</b>		<b>21,195</b>	20,274		20,274
Cost of sales	(5,425)	9	(90)	(5,515)	(4,997)	(264)	(5,261)
Gross profit	15,770	2	(90)	15,680	15,277	(264)	15,013
Selling, general and administration	(8,099)	28	(493)	(8,592)	(6,420)	(218)	(6,638)
Research and development	(2,881)	1	(479)	(3,360)	(2,859)	(120)	(2,979)
Other operating income	375			375	582		582
<b>OPERATING PROFIT</b>	<b>5,165</b>	<b>(26)</b>	<b>(1,062)</b>	<b>4,103</b>	6,580	(602)	5,978
Finance income	58			58	65		65
Finance expense	(588)		(3)	(591)	(567)	(3)	(570)
Profit on disposal of interest in associate					115		115
Share of after tax profits of associates and joint ventures	63			63	53		53
<b>PROFIT BEFORE TAXATION</b>	<b>4,698</b>	<b>(29)</b>	<b>(1,065)</b>	<b>3,633</b>	6,246	(605)	5,641
Taxation	(1,410)		263	(1,147)	(1,797)	157	(1,640)
<i>Tax rate %</i>	<i>30.0%</i>			<i>31.6%</i>	<i>28.8%</i>		<i>29.1%</i>
<b>PROFIT AFTER TAXATION FOR</b>	<b>3,288</b>	<b>(30)</b>	<b>(802)</b>	<b>2,486</b>	4,449	(448)	4,001

**THE PERIOD**

Profit attributable to non-controlling interests	<b>162</b>		<b>162</b>	100		100
Profit attributable to shareholders	<b>3,126</b>	<b>(802)</b>	<b>2,324</b>	4,349	(448)	3,901
	<b>3,288</b>	<b>(802)</b>	<b>2,486</b>	4,449	(448)	4,001
<b>EARNINGS PER SHARE</b>	<b>61.5p</b>	<b>(33)</b>	<b>45.7p</b>	85.8p		77.0p
Diluted earnings per share	<b>61.0p</b>		<b>45.3p</b>	85.2p		76.4p

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**Table of Contents****Pharmaceuticals turnover****Nine months ended 30th September 2010**

	Total		USA		Europe		Emerging Markets		Rest of World	
	£m	CER%	£m	CER%	£m	CER%	£m	CER%	£m	CER%
<b>Respiratory</b>	<b>5,321</b>	<b>4</b>	<b>2,519</b>	<b>4</b>	<b>1,592</b>	<b>1</b>	<b>454</b>	<b>19</b>	<b>756</b>	<b>4</b>
<i>Avamys/Veramyst</i>	143	29	52	(2)	44	32	22	>100	25	53
<i>Flixonase/Flonase</i>	127	(7)	32	52	30	(6)	28	4	37	(36)
<i>Flixotide/Flovent</i>	584	4	313	11	117	(9)	36	40	118	(8)
<i>Seretide/Advair</i>	3,793	5	1,934	2	1,185	3	243	17	431	14
<i>Serevent</i>	151	(14)	49	(8)	74	(15)	2		26	(24)
<i>Ventolin</i>	380	11	130	24	104	(2)	82	19	64	2
<i>Zyrtec</i>	59	8					10		49	9
<b>Anti-virals</b>	<b>862</b>	<b>(54)</b>	<b>329</b>	<b>(65)</b>	<b>85</b>	<b>(73)</b>	<b>162</b>	<b>2</b>	<b>286</b>	<b>(35)</b>
<i>Hepsera</i>	95	8					43	11	52	7
<i>Relenza</i>	110	(77)	48	(36)	6	(97)	2	(88)	54	(74)
<i>Valtrex</i>	436	(60)	228	(72)	53	(55)	20	11	135	3
<i>Zeffix</i>	169	2	10	(23)	20	(9)	97	13	42	(5)
<b>Central nervous system</b>	<b>1,303</b>	<b>(5)</b>	<b>391</b>	<b>(17)</b>	<b>408</b>	<b>(3)</b>	<b>161</b>	<b>16</b>	<b>343</b>	<b>(1)</b>
<i>Imigran/Imitrex</i>	162	(14)	60	(25)	65	(7)	4	33	33	(3)
<i>Lamictal</i>	374	2	191	(2)	109	(4)	41	17	33	45
<i>Requip</i>	173	20	34	>100	104	6	2	100	33	(6)
<i>Seroxat/Paxil</i>	354	(10)	27	(16)	63	(17)	54	(5)	210	(9)
<i>Treximet</i>	42	2	41	2					1	
<i>Wellbutrin</i>	59	(46)	17	(78)	28	38	9	29	5	
<b>Cardiovascular and urogenital</b>	<b>1,874</b>	<b>11</b>	<b>1,149</b>	<b>10</b>	<b>451</b>	<b>8</b>	<b>98</b>	<b>24</b>	<b>176</b>	<b>23</b>
<i>Arixtra</i>	221	23	128	31	75	12	7	40	11	25
<i>Avodart</i>	452	17	251	6	125	18	24	50	52	85
<i>Coreg</i>	130	(8)	129	(8)					1	
<i>Fraxiparine</i>	167				116	(8)	40	30	11	9
<i>Lovaza</i>	383	19	382	19					1	
<i>Vesicare</i>	83	11	82	9					1	
<i>Volibris</i>	30	>100			27	>100	1		2	100
<b>Metabolic</b>	<b>568</b>	<b>(36)</b>	<b>198</b>	<b>(54)</b>	<b>153</b>	<b>(24)</b>	<b>74</b>	<b>(19)</b>	<b>143</b>	<b>(12)</b>
<i>Avandia products</i>	391	(33)	197	(38)	92	(28)	39	(34)	63	(22)
<i>Bonvival/Boniva</i>	60	(68)		(100)	50	(23)	2		8	29
<b>Anti-bacterials</b>	<b>1,026</b>	<b>(5)</b>	<b>59</b>	<b>(25)</b>	<b>383</b>	<b>(15)</b>	<b>450</b>	<b>9</b>	<b>134</b>	<b>2</b>
<i>Augmentin</i>	457	(7)	11	(69)	171	(18)	213	11	62	18
<b>Oncology and emesis</b>	<b>516</b>	<b>12</b>	<b>275</b>	<b>24</b>	<b>146</b>	<b>(2)</b>	<b>45</b>	<b>5</b>	<b>50</b>	<b>7</b>

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<i>Arzerra</i>	22		20		1				1	
<i>Hycamtin</i>	115	(9)	69	(7)	36	(16)	6	20	4	
<i>Promacta</i>	21	>100	19	>100	2					
<i>Tyverb/Tykerb</i>	167	38	53	33	69	30	21	31	24	>100
<i>Votrient</i>	24		22		1				1	
<b>Vaccines</b>	<b>3,332</b>	<b>51</b>	<b>592</b>	<b>14</b>	<b>1,288</b>	<b>38</b>	<b>667</b>	<b>52</b>	<b>785</b>	<b>&gt;100</b>
<i>Boostrix</i>	132	26	82	46	32	14	5	(17)	13	(15)
<i>Cervarix</i>	175	15	12		91	(23)	18	6	54	>100
<i>Fluarix, FluLaval</i>	172	1	82	21	50	(13)	20	(29)	20	31
Flu Pandemic	1,031	>100	1	(96)	398	>100	201		431	>100
Hepatitis	556	8	251	22	179	(9)	65	5	61	17
<i>Infanrix, Pediarix</i>	510	3	110	3	309	4	37	3	54	
<i>Rotarix</i>	156	(27)	53	(10)	29	(26)	57	(42)	17	(11)
<i>Synflorix</i>	173	>100			35	71	114	>100	24	>100
<b>Dermatologicals</b>	<b>799</b>	<b>74</b>	<b>264</b>	<b>&gt;100</b>	<b>184</b>	<b>64</b>	<b>204</b>	<b>58</b>	<b>147</b>	<b>47</b>
<i>Bactroban</i>	90	(5)	39	(13)	20		21	5	10	
<i>Dermovate</i>	52				14		19		19	
<i>Duac</i>	89	>100	52	>100	17	>100	8	>100	12	>100
<i>Soriatane</i>	54	>100	54	>100						
<i>Zovirax</i>	113	22	39	>100	20	(9)	20	6	34	(14)
<b>Other</b>	<b>688</b>	<b>15</b>	<b>18</b>	<b>29</b>	<b>211</b>	<b>14</b>	<b>272</b>	<b>28</b>	<b>187</b>	
	<b>16,289</b>	<b>4</b>	<b>5,794</b>	<b>(7)</b>	<b>4,901</b>	<b>3</b>	<b>2,587</b>	<b>24</b>	<b>3,007</b>	<b>17</b>
<b>ViiV Healthcare</b>										
<b>(HIV)</b>	<b>1,163</b>	<b>(2)</b>	<b>497</b>	<b>(6)</b>	<b>440</b>	<b>(5)</b>	<b>96</b>	<b>27</b>	<b>130</b>	<b>8</b>
<i>Combivir</i>	264	(17)	109	(22)	89	(20)	37	3	29	(4)
<i>Epivir</i>	86	(14)	30	(17)	29	(21)	12	33	15	(19)
<i>Epzicom/Kivexa</i>	409	3	155	(3)	182	3	20	50	52	12
<i>Lexiva</i>	119	(10)	60	(19)	41	(13)	11	>100	7	
<i>Selzentry</i>	58		25		30		1		2	
<i>Trizivir</i>	112	(26)	57	(27)	46	(24)	4	(40)	5	(17)
	<b>17,452</b>	<b>3</b>								

Pharmaceutical turnover includes co-promotion income.

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**Table of Contents****Consumer Healthcare turnover  
Nine months ended 30th September 2010**

	£m	Total CER%
Over-the-counter medicines	1,811	3
Oral healthcare	1,191	6
Nutritional healthcare	741	10
	3,743	5

	£m	Total CER%
USA	758	
Europe	1,455	1
Rest of World	1,530	13
	3,743	5

**Statement of comprehensive income**

	<b>9 months 2010 £m</b>	9 months 2009 £m
Profit for the period	<b>2,486</b>	4,001
Exchange movements on overseas net assets and net investment hedges	<b>53</b>	(142)
Reclassification of exchange on liquidation or disposal of overseas subsidiaries	<b>(2)</b>	
Fair value movements on available-for-sale investments	<b>40</b>	65
Deferred tax on fair value movements on available-for-sale investments	<b>(4)</b>	(16)
Reclassification of fair value movements on available-for-sale- investments	<b>(18)</b>	28
Deferred tax reversed on reclassification of available-for-sale investments	<b>3</b>	7
Actuarial losses on defined benefit plans	<b>(372)</b>	(486)
Deferred tax on actuarial movements in defined benefit plans	<b>139</b>	147
Fair value movements on cash flow hedges	<b>(5)</b>	(6)
Deferred tax on fair value movements on cash flow hedges	<b>2</b>	2
Other comprehensive expense for the period	<b>(164)</b>	(401)
Total comprehensive income for the period	<b>2,322</b>	3,600
Total comprehensive income for the period attributable to:		
Shareholders	<b>2,142</b>	3,538
Non-controlling interests	<b>180</b>	62

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**Table of Contents****Balance sheet**

	<b>30th September 2010 £m</b>	30th September 2009 £m	31st December 2009 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>9,152</b>	9,380	9,374
Goodwill	<b>3,484</b>	3,294	3,361
Other intangible assets	<b>8,369</b>	7,261	8,183
Investments in associates and joint ventures	<b>1,062</b>	511	895
Other investments	<b>560</b>	558	454
Deferred tax assets	<b>2,510</b>	2,397	2,374
Derivative financial instruments	<b>125</b>	89	68
Other non-current assets	<b>593</b>	616	583
<b>Total non-current assets</b>	<b>25,855</b>	24,106	25,292
<b>Current assets</b>			
Inventories	<b>4,074</b>	4,193	4,064
Current tax recoverable	<b>48</b>	52	58
Trade and other receivables	<b>5,986</b>	6,050	6,492
Derivative financial instruments	<b>215</b>	288	129
Liquid investments	<b>216</b>	274	268
Cash and cash equivalents	<b>6,229</b>	6,467	6,545
Assets held for sale	<b>25</b>	17	14
<b>Total current assets</b>	<b>16,793</b>	17,341	17,570
<b>TOTAL ASSETS</b>	<b>42,648</b>	41,447	42,862
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings	<b>(386)</b>	(1,886)	(1,471)
Trade and other payables	<b>(6,806)</b>	(6,084)	(6,772)
Derivative financial instruments	<b>(231)</b>	(241)	(168)
Current tax payable	<b>(1,172)</b>	(1,179)	(1,451)
Short-term provisions	<b>(2,648)</b>	(1,730)	(2,256)
<b>Total current liabilities</b>	<b>(11,243)</b>	(11,120)	(12,118)



<b>Non-current liabilities</b>			
Long-term borrowings	<b>(14,851)</b>	(15,035)	(14,786)
Deferred tax liabilities	<b>(706)</b>	(691)	(645)
Pensions and other post-employment benefits	<b>(3,385)</b>	(3,335)	(2,981)
Other provisions	<b>(1,263)</b>	(1,187)	(985)
Derivative financial instruments	<b>(7)</b>		
Other non-current liabilities	<b>(580)</b>	(445)	(605)
<b>Total non-current liabilities</b>	<b>(20,792)</b>	(20,693)	(20,002)
<b>TOTAL LIABILITIES</b>	<b>(32,035)</b>	(31,813)	(32,120)
<b>NET ASSETS</b>	<b>10,613</b>	9,634	10,742
<b>EQUITY</b>			
Share capital	<b>1,417</b>	1,416	1,416
Share premium account	<b>1,400</b>	1,344	1,368
Retained earnings	<b>5,839</b>	5,701	6,321
Other reserves	<b>1,153</b>	819	900
<b>Shareholders equity</b>	<b>9,809</b>	9,280	10,005
Non-controlling interests	<b>804</b>	354	737
<b>TOTAL EQUITY</b>	<b>10,613</b>	9,634	10,742

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**Table of Contents****Cash flow statement****Nine months ended 30th September 2010**

	<b>9 months</b>	9 months	
	<b>2010</b>	2009	2009
	<b>£m</b>	£m	£m
<b>Profit after tax</b>	<b>2,486</b>	4,001	5,669
Tax on profits	<b>1,147</b>	1,640	2,222
Share of after tax profits of associates and joint ventures	<b>(63)</b>	(53)	(64)
Profit on disposal of interest in associates		(115)	(115)
Net finance expense	<b>533</b>	505	713
Depreciation and other non-cash items	<b>1,494</b>	1,248	1,271
Decrease/(increase) in working capital	<b>555</b>	(51)	(106)
Increase/(decrease) in other net liabilities	<b>545</b>	(329)	(45)
<b>Cash generated from operations</b>	<b>6,697</b>	6,846	9,545
Taxation paid	<b>(1,365)</b>	(1,266)	(1,704)
<b>Net cash inflow from operating activities</b>	<b>5,332</b>	5,580	7,841
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	<b>(725)</b>	(972)	(1,418)
Proceeds from sale of property, plant and equipment	<b>57</b>	26	48
Purchase of intangible assets	<b>(464)</b>	(260)	(455)
Proceeds from sale of intangible assets	<b>58</b>	346	356
Purchase of equity investments	<b>(160)</b>	(117)	(154)
Proceeds from sale of equity investments	<b>24</b>	25	59
Purchase of businesses, net of cash acquired	<b>(167)</b>	(2,677)	(2,792)
Investment in associates and joint ventures	<b>(61)</b>	(27)	(29)
Proceeds from disposal of interest in associates		178	178
Decrease in liquid investments	<b>58</b>	84	87
Interest received	<b>57</b>	81	90
Dividends from associates and joint ventures	<b>9</b>	11	17
<b>Net cash outflow from investing activities</b>	<b>(1,314)</b>	(3,302)	(4,013)
<b>Cash flow from financing activities</b>			
Proceeds from own shares for employee share options	<b>11</b>	4	13
Issue of share capital	<b>33</b>	19	43
Shares acquired by ESOP Trusts	<b>(66)</b>	(56)	(57)
Increase in long-term loans		1,358	1,358
Repayment of short-term loans	<b>(1,300)</b>	(474)	(748)
Increase in short-term loans	<b>8</b>	622	646

Net repayment of obligations under finance leases	(35)	(33)	(48)
Interest paid	(398)	(390)	(780)
Dividends paid to shareholders	(2,446)	(2,290)	(3,003)
Distributions to non-controlling interests	(113)	(85)	(89)
Other financing items	(245)	(152)	(109)
<b>Net cash outflow from financing activities</b>	<b>(4,551)</b>	<b>(1,477)</b>	<b>(2,774)</b>
<b>(Decrease)/increase in cash and bank overdrafts in the period</b>	<b>(533)</b>	<b>801</b>	<b>1,054</b>
Exchange adjustments	51	(152)	(158)
Cash and bank overdrafts at beginning of period	6,368	5,472	5,472
<b>Cash and bank overdrafts at end of period</b>	<b>5,886</b>	<b>6,121</b>	<b>6,368</b>
Cash and bank overdrafts at end of period comprise:			
Cash and cash equivalents	6,229	6,467	6,545
Overdrafts	(343)	(346)	(177)
	<b>5,886</b>	<b>6,121</b>	<b>6,368</b>

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**Table of Contents****Statement of changes in equity**

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Share- holder s equity £m	Non- controlling interests £m	Total equity £m
At 1st January 2010	1,416	1,368	6,321	900	10,005	737	10,742
Profit for the period			2,324		2,324	162	2,486
Other comprehensive (expense)/income for the period			(197)	15	(182)	18	(164)
Distributions to non-controlling interests						(113)	(113)
Dividends to shareholders			(2,446)		(2,446)		(2,446)
Shares issued	1	32			33		33
Consideration received for shares transferred by ESOP Trusts				11	11		11
Shares acquired by ESOP Trusts				(66)	(66)		(66)
Write-down on shares held by ESOP Trusts			(293)	293			
Share-based incentive plans			130		130		130
<b>At 30th September 2010</b>	<b>1,417</b>	<b>1,400</b>	<b>5,839</b>	<b>1,153</b>	<b>9,809</b>	<b>804</b>	<b>10,613</b>
At 1st January 2009	1,415	1,326	4,622	568	7,931	387	8,318
Profit for the period			3,901		3,901	100	4,001
Other comprehensive (expense)/income for the period			(444)	81	(363)	(38)	(401)
Distributions to non-controlling interests						(85)	(85)
Changes in non-controlling interests						(10)	(10)
Dividends to shareholders			(2,290)		(2,290)		(2,290)
Shares issued	1	18			19		19
Consideration received for shares transferred by ESOP Trusts				4	4		4
				(56)	(56)		(56)

Shares acquired by ESOP Trusts							
Write-down on shares held by ESOP Trusts			(222)	222			
Share-based incentive plans			134		134		134
At 30th September 2009	1,416	1,344	5,701	819	9,280	354	9,634

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**Table of Contents****Segmental information**

GSK has revised its segmental information disclosures to reflect changes in the internal reporting structures with effect from 1st January 2010. ViiV Healthcare is now shown as a separate segment. Stiefel has been integrated with the GSK heritage dermatology business and is reported within the relevant geographical pharmaceutical segments. The other trading and other unallocated pharmaceuticals information has been combined. Comparative information has been restated onto a consistent basis.

GSK's operating segments are being reported based on the financial information provided to the Chief Executive Officer and the responsibilities of the Corporate Executive Team (CET). Individual members of the CET are responsible for geographic regions of the Pharmaceuticals business, ViiV Healthcare and for the Consumer Healthcare business as a whole, respectively.

R&D investment is essential for the sustainability of the pharmaceutical businesses. However, for segment reporting, the USA, Europe, Emerging Markets and Asia Pacific/Japan pharmaceutical operating profits exclude allocations of globally funded R&D as well as central costs, principally corporate functions and unallocated manufacturing costs. GSK's management reporting process allocates intra-Group profit on a product sale to the market in which that sale is recorded, and the profit analyses below have been presented on that basis.

The Other trading and unallocated pharmaceuticals segment includes Canada, Puerto Rico, central vaccine tender sales and contract manufacturing sales, together with costs such as vaccines R&D and central manufacturing costs not attributed to other segments.

The Pharmaceuticals R&D segment is the responsibility of the Chairman, Research & Development and is therefore being reported as a separate segment.

Corporate and other unallocated costs and disposal profits include corporate functions, costs for legal matters, fair value movements on financial instruments and investments and profits on global asset disposals.

**Turnover by segment**

	<b>Q3 2010</b>	Q3 2009	Growth
	<b>£m</b>	(restated) £m	CER%
US pharmaceuticals	<b>1,950</b>	2,028	(8)
Europe pharmaceuticals	<b>1,428</b>	1,599	(9)
Emerging Markets pharmaceuticals	<b>873</b>	746	14
Asia Pacific/Japan pharmaceuticals	<b>693</b>	628	(2)
ViiV Healthcare	<b>401</b>	392	(1)
Other trading and unallocated pharmaceuticals	<b>208</b>	195	3
Pharmaceuticals turnover	<b>5,553</b>	5,588	(3)
Consumer Healthcare turnover	<b>1,260</b>	1,170	4
	<b>6,813</b>	6,758	(2)

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**Table of Contents****Operating profit by segment**

	Q3 2010	Q3 2009 (restated)	Growth CER%
	£m	£m	
US pharmaceuticals	1,258	1,271	(5)
Europe pharmaceuticals	793	915	(12)
Emerging Markets pharmaceuticals	296	264	12
Asia Pacific/Japan pharmaceuticals	373	314	2
ViiV Healthcare	222	267	(21)
Pharmaceuticals R&D	(729)	(601)	18
Other trading and unallocated pharmaceuticals	(215)	(163)	48
Pharmaceuticals operating profit	1,998	2,267	(16)
Consumer Healthcare operating profit	313	282	7
Segment profit	2,311	2,549	
Corporate and other unallocated costs and disposal profits	(182)	(326)	(47)
Operating profit before major restructuring	2,129	2,223	(9)
Major restructuring	(171)	(152)	
Total operating profit	1,958	2,071	(10)
Finance income	22	19	
Finance costs	(197)	(199)	
Share of after tax profits of associates and joint ventures	16	22	
Profit before taxation	1,799	1,913	(11)

**Segmental commentary Q3 2010**

US pharmaceuticals operating profit decreased by 5% in the quarter on a turnover decline of 8%. This reflects the impact of healthcare reform, generic competition to *Valtrex*, the discontinuation of promotion of *Boniva*, and lower sales of *Relenza* and *Avandia*. These impacts have been partially offset by higher sales of respiratory products, growth in *Lovaza* sales and the benefits of a reduction in SG&A costs of 21% compared with the previous year.

Europe pharmaceuticals turnover decreased 9% and operating profit decreased 12%. This reflects lower sales of *Valtrex*, *Relenza* and *Avandia* and accelerated pricing reductions across Europe only partly offset by a reduction in SG&A costs of 10%.

Emerging Markets operating profit grew by 12%. This reflects the timing of vaccines tenders (particularly relating to *Synflorix*) partially offset by reductions relating to *Avandia* and *Relenza* and increased selling investment in China.

Asia Pacific/Japan pharmaceuticals turnover decreased by 2%, principally as a result of reductions in *Relenza* sales, partially offset by higher vaccine sales (H1N1 and *Cervarix*). Operating profit increased by 2%, benefiting from the impact of the mix of sales on cost of goods, cost containment in SG&A and product divestments and royalty income in Japan.

In ViiV Healthcare, US healthcare reform and higher SG&A and R&D costs adversely impacted operating profit, which was down 21%. The higher SG&A costs were primarily due to the amortisation of acquired intangible assets. Pharmaceuticals R&D net loss increased by 18%, reflecting an adverse comparison with last year, which benefited from a provision release due to the reassessment of a receivable and the settlement of a royalty dispute. Excluding these one-off items the R&D loss declined 9%.

The other trading and unallocated pharmaceuticals operating loss increased, primarily reflecting inventory provisions and asset impairments within manufacturing related to *Avandia*.

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Consumer Healthcare sales grew 4% and operating profit grew 7%, as SG&A costs grew more slowly than sales. Corporate and other unallocated costs decreased 47% reflecting cost containment and a favourable comparison with last year, which was adversely impacted by equity investment impairments.

**Turnover by segment**

	<b>9 months 2010</b>	9 months 2009 (restated)	Growth CER%
	<b>£m</b>	£m	
US pharmaceuticals	<b>5,794</b>	6,256	(7)
Europe pharmaceuticals	<b>4,901</b>	4,856	3
Emerging Markets pharmaceuticals	<b>2,587</b>	2,078	24
Asia Pacific/Japan pharmaceuticals	<b>2,305</b>	1,834	17
ViiV Healthcare	<b>1,163</b>	1,190	(2)
Other trading and unallocated pharmaceuticals	<b>702</b>	570	15
Pharmaceuticals turnover	<b>17,452</b>	16,784	3
Consumer Healthcare turnover	<b>3,743</b>	3,490	5
	<b>21,195</b>	20,274	4

**Operating profit by segment**

	<b>9 months 2010</b>	9 months 2009 (restated)	Growth CER%
	<b>£m</b>	£m	
US pharmaceuticals	<b>3,787</b>	4,389	(14)
Europe pharmaceuticals	<b>2,817</b>	2,697	7
Emerging Markets pharmaceuticals	<b>926</b>	672	35
Asia Pacific/Japan pharmaceuticals	<b>1,304</b>	943	27
ViiV Healthcare	<b>635</b>	821	(23)
Pharmaceuticals R&D	<b>(2,296)</b>	(2,256)	1
Other trading and unallocated pharmaceuticals	<b>(392)</b>	(542)	(8)
Pharmaceuticals operating profit	<b>6,781</b>	6,724	(3)
Consumer Healthcare operating profit	<b>741</b>	670	7
Segment profit	<b>7,522</b>	7,394	
Corporate and other unallocated costs and disposal profits	<b>(2,357)</b>	(814)	>100
Operating profit before major restructuring	<b>5,165</b>	6,580	(26)
Major restructuring	<b>(1,062)</b>	(602)	

Total operating profit	<b>4,103</b>	5,978	(36)
Finance income	<b>58</b>	65	
Finance costs	<b>(591)</b>	(570)	
Profit on disposal of interest in associate		115	
Share of after tax profits of associates and joint ventures	<b>63</b>	53	
Profit before taxation	<b>3,633</b>	5,641	(41)

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**Table of Contents****Segmental commentary 9 months 2010**

US pharmaceuticals operating profit decreased by 14% on a turnover decline of 7%. This reflects the impact of healthcare reform, increased generic competition to *Valtrex*, the discontinuation of promotion of *Boniva*, the temporary suspension of *Rotarix* and lower sales of *Avandia* partially offset by a receipt for the exclusive promotion rights to *Boniva* for 2010 in the USA and the benefits of a reduction in SG&A costs of 7% compared with the previous year.

Europe pharmaceuticals operating profit increased 7% on a turnover increase of 3%, benefiting from strong H1N1 vaccine sales partially offset by lower sales of *Valtrex* and *Avandia*, and a 7% reduction in SG&A costs.

Emerging Markets operating profit grew by 35% on a turnover increase of 24%, reflecting strong H1N1 and *Synflorix* vaccine sales partially offset by increased investment in this segment.

Asia Pacific/Japan pharmaceuticals operating profit rose by 27%, principally as a result of significant H1N1 vaccine sales partially offset by lower sales of *Relenza*; turnover increased by 17%.

In ViiV Healthcare US healthcare reform and higher SG&A costs adversely impacted operating profit, which decreased by 23%. The higher SG&A costs were primarily due to the amortisation of acquired intangible assets.

Other trading and unallocated pharmaceuticals operating loss reduced by 8%, primarily reflecting sales growth in Canada, lower central manufacturing costs, and lower inventory write offs, partially offset by inventory provisions and asset impairments related to *Avandia*.

Consumer Healthcare sales grew 5% and operating profit grew 7%, as SG&A costs grew more slowly than sales.

Corporate and other unallocated costs increased primarily as a result of the higher legal charges of £1,836 million in the nine months partially offset by cost containment within support functions.

**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 2009.

The Group's aggregate provision for legal and other disputes at 30th September 2010 (not including tax matters described under Taxation on page 25) was £2.5 billion. In respect of a number of legal proceedings in which the Group is involved, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. In these cases, the Group may disclose information with respect to the nature and facts of the cases but no provision is typically made.

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. The position could change over time, and there can, therefore, be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Group's financial accounts.

Significant developments since the date of the 2009 Annual Report (as previously updated by the Legal matters section of the Results Announcements for Q1 and Q2 2010) are as follows:

Following a United Nations report alleging that bribes had been paid to Iraqi government officials in connection with the UN Oil For Food Programme, in December 2007 the UK Serious Fraud Office (SFO) issued a formal notice to the Group requiring production of documents relating to the Group's participation in the Programme. The Group cooperated fully with the SFO, including making past and current employees available for interview. On 9th September 2010, the SFO notified the Group that it had completed its investigation and would be taking no further action.

The Group is in the process of responding to a US Department of Justice (DOJ) subpoena relating to the development and marketing of *Avandia*. The Group has received Civil Investigative Demands from a number of States Attorneys General offices relating to the development and marketing of *Avandia*. These enquiries are at an early-stage, and GSK is cooperating with these offices.

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Litigation regarding *Avandia* remains pending in US federal and state courts, and new cases continue to be filed. The Group is assessing the merits of these additional claims and is not yet in a position to determine whether any further provision will be necessary.

The Group received a subpoena from the Eastern District of New York's US Attorney's Office regarding sales and marketing practices for three HIV products, as well as educational programmes, grants or payments to physicians regarding any drug used to treat HIV-infected adults. The Group is cooperating with the investigation.

The Group has received letters from the US Securities and Exchange Commission and the DOJ that seek information about activities in a number of countries and reference the Foreign Corrupt Practices Act. The Group is cooperating with the agencies in their requests and believes that this enquiry is part of a broader review of pharmaceutical industry practices in countries outside the USA.

Developments with respect to tax matters are described in "Taxation" below.

**Taxation**

Transfer pricing and other issues are as previously described in the "Taxation" note to the Financial Statements included in the Annual Report 2009.

During the quarter the company settled certain historical tax matters. As a result of this and other items the rate for the quarter is 24.4% and the rate for the year is expected to be around 29%.

GSK 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.

**Dividends**

	<b>Paid/ payable</b>	<b>Pence per share</b>	<b>£m</b>
<b>2010</b>			
First interim	8th July 2010 7th October	15	764
Second interim	2010 6th January	15	759
Third interim	2011	16	814
<b>2009</b>			
First interim	9th July 2009 8th October	14	701
Second interim	2009 7th January	14	713
Third interim	2010	15	763
Fourth interim	8th April 2010	18	919
		61	3,096

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**Table of Contents****Weighted average number of shares**

	<b>Q3 2010</b>	Q3 2009
	<b>millions</b>	millions
Weighted average number of shares basic	<b>5,086</b>	5,070
Dilutive effect of share options and share awards	<b>40</b>	38
Weighted average number of shares diluted	<b>5,126</b>	5,108
	<b>9 months</b>	9 months
	<b>2010</b>	2009
	<b>millions</b>	millions
Weighted average number of shares basic	<b>5,083</b>	5,068
Dilutive effect of share options and share awards	<b>45</b>	39
		39
Weighted average number of shares diluted	<b>5,128</b>	5,107
		5,108

**Net assets**

The book value of net assets decreased by £129 million from £10,742 million at 31st December 2009 to £10,613 million at 30th September 2010. This reflects dividend payments, an increase in the pension deficit and the increased provision for legal charges, partially offset by the operating activities in the period. The increase in the pension deficit arose predominantly from decreases in the rate used to discount UK pension liabilities from 5.7% to 5.1% and the rate used to discount US pension liabilities from 5.75% to 4.9%, partly offset by a decrease in the estimated long-term inflation rate and an increase in asset values in the UK and the USA. At 30th September 2010, the net deficit on the Group's pension plans was £1,902 million compared with £1,745 million at 31st December 2009. The carrying value of investments in associates and joint ventures at 30th September 2010 was £1,062 million, with a market value of £1,865 million.

At 30th September 2010, the ESOP Trusts held 106 million GSK shares against the future exercise of share options and share awards. The carrying value of £899 million has been deducted from other reserves. The market value of these shares was £1,332 million.

GSK did not purchase any shares for cancellation in the period. At 30th September 2010, the company held 474.2 million Treasury shares at a cost of £6,286 million, which has been deducted from retained earnings.

**Capital expenditure**

In the period to 30th September 2010 there were additions to property, plant and equipment of £740 million (2009: £958 million) and additions to intangible assets of £424 million (2009: £212 million).

In the period to 30th September 2010 there were disposals of property, plant and equipment with a book value of £41 million (2009: £35 million) and disposals of intangible assets with a book value of £nil (2009: £nil).

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**Table of Contents****Reconciliation of cash flow to movements in net debt**

	<b>9 months</b>	9 months	
	<b>2010</b>	2009	2009
	<b>£m</b>	£m	£m
Net debt at beginning of the period	<b>(9,444)</b>	(10,173)	(10,173)
(Decrease)/increase in cash and bank overdrafts	<b>(533)</b>	801	1,054
Cash inflow from liquid investments	<b>(58)</b>	(84)	(87)
Net increase in long-term loans		(1,358)	(1,358)
Net repayment of/(increase in) short-term loans	<b>1,292</b>	(148)	102
Net repayment of obligations under finance leases	<b>35</b>	33	48
Debt of subsidiary undertakings acquired	<b>(18)</b>	(4)	(9)
Exchange adjustments	<b>12</b>	784	1,041
Other non-cash movements	<b>(78)</b>	(31)	(62)
Decrease/(increase) in net debt	<b>652</b>	(7)	729
Net debt at end of the period	<b>(8,792)</b>	(10,180)	(9,444)

**Related party transactions**

The Group's significant related parties are its joint ventures and associates as disclosed in the Annual Report 2009, apart from JCR Pharmaceutical Co. Limited, a Japanese pharmaceutical company, which is now being accounted for as an associate following the acquisition of further shares in May 2010.

There were no material transactions with any of the Group's joint ventures and associates in the period. There were also no material transactions with directors.

**Contingent liabilities**

There were contingent liabilities at 30th September 2010 in respect of guarantees and indemnities entered into as part of the ordinary course of the Group's business. No material losses are expected to arise from such contingent liabilities.  
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**Table of Contents****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, as modified by specific transaction rates for large transactions, 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 influenced these translations and the relevant exchange rates were:

	<b>Q3 2010</b>	Q3 2009	<b>9 months 2010</b>	9 months 2009	2009
Average rates:					
£/US\$	<b>1.56</b>	1.62	<b>1.54</b>	1.54	1.56
£/Euro	<b>1.18</b>	1.14	<b>1.16</b>	1.12	1.12
£/Yen	<b>134</b>	149	<b>138</b>	145	146
Period end rates:					
£/US\$	<b>1.58</b>	1.60	<b>1.58</b>	1.60	1.61
£/Euro	<b>1.15</b>	1.09	<b>1.15</b>	1.09	1.13
£/Yen	<b>132</b>	143	<b>132</b>	143	150

During Q3 2010, average Sterling exchange rates were stronger against the Euro but weaker against the US Dollar and the Yen compared with the same period in 2009.

During the nine months ended 30th September 2010, average Sterling exchange rates were stronger against the Euro but weaker against the Yen and unchanged against the US Dollar compared with the same period in 2009. Period end Sterling exchange rates were stronger against the Euro but weaker against the US Dollar and the Yen.

**Accounting presentation and policies**

This unaudited Results Announcement containing condensed financial information for the three and nine months ended 30th September 2010 is prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority, IAS 34 Interim financial reporting and the accounting policies set out in the Annual Report 2009, except that GSK has implemented IFRS 3 (Revised) Business combinations, IAS 27 (Revised)

Consolidated and separate financial statements: recognition and measurement and IFRIC 17 Distributions of non-cash assets to owners. None of these changes has had a material impact on the results for the periods under review.

This Results Announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The balance sheet at 31st December 2009 has been derived from the full Group accounts published in the Annual Report 2009, which has been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

**Internet**

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

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**Table of Contents****Additional income statement information  
Three months ended 30th September 2010**

			Turnover	Cost of sales	SG&A costs	R&D costs	Other operating income	Operating profit	Operating margin %
	<b>Q3 2010</b>	<b>£m</b>	<b>1,950</b>	<b>(282)</b>	<b>(418)</b>		<b>8</b>	<b>1,258</b>	<b>64.5</b>
US pharmaceuticals	Q3 2009 (restated)	£m	2,028	(263)	(504)		10	1,271	62.7
	<i>Growth CER</i>	%	(8)	5	(21)		(40)	(5)	
	<b>Q3 2010</b>	<b>£m</b>	<b>1,428</b>	<b>(326)</b>	<b>(313)</b>		<b>4</b>	<b>793</b>	<b>55.5</b>
Europe pharmaceuticals	Q3 2009 (restated)	£m	1,599	(329)	(357)		2	915	57.2
	<i>Growth CER</i>	%	(9)	2	(10)		50	(12)	
	<b>Q3 2010</b>	<b>£m</b>	<b>873</b>	<b>(316)</b>	<b>(262)</b>	<b>(1)</b>	<b>2</b>	<b>296</b>	<b>33.9</b>
Emerging Markets pharmaceuticals	Q3 2009 (restated)	£m	746	(262)	(219)	(1)		264	35.4
	<i>Growth CER</i>	%	14	21	10		>100	12	
	<b>Q3 2010</b>	<b>£m</b>	<b>693</b>	<b>(140)</b>	<b>(185)</b>	<b>(7)</b>	<b>12</b>	<b>373</b>	<b>53.8</b>
Asia Pacific / Japan pharmaceuticals	Q3 2009 (restated)	£m	628	(139)	(171)	(5)	1	314	50.0
	<i>Growth CER</i>	%	(2)	(3)	(3)	40	>100	2	
	<b>Q3 2010</b>	<b>£m</b>	<b>401</b>	<b>(83)</b>	<b>(51)</b>	<b>(36)</b>	<b>(9)</b>	<b>222</b>	<b>55.4</b>
ViiV Healthcare	Q3 2009 (restated)	£m	392	(84)	(34)	(4)	(3)	267	68.1
	<i>Growth CER</i>	%	(1)	1	47	>100	>100	(21)	
	<b>Q3 2010</b>	<b>£m</b>		<b>(1)</b>	<b>(40)</b>	<b>(689)</b>	<b>1</b>	<b>(729)</b>	
Pharmaceuticals R&D	Q3 2009 (restated)	£m			(44)	(669)	112	(601)	
	<i>Growth CER</i>	%			(16)		(99)	18	



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Other trading and unallocated pharmaceuticals	<b>Q3 2010</b>	<b>£m</b>	<b>208</b>	<b>(243)</b>	<b>(94)</b>	<b>(159)</b>	<b>73</b>	<b>(215)</b>	
	Q3 2009 (restated)	£m	195	(212)	(74)	(138)	66	(163)	
	<i>Growth CER</i>	%	3	24	23	16	9	48	
<b>Total pharmaceuticals</b>	<b>Q3 2010</b>	<b>£m</b>	<b>5,553</b>	<b>(1,391)</b>	<b>(1,363)</b>	<b>(892)</b>	<b>91</b>	<b>1,998</b>	<b>36.0</b>
	Q3 2009 (restated)	£m	5,588	(1,289)	(1,403)	(817)	188	2,267	40.6
	<i>Growth CER</i>	%	(3)	9	(7)	7	(53)	(16)	
Consumer Healthcare	<b>Q3 2010</b>	<b>£m</b>	<b>1,260</b>	<b>(468)</b>	<b>(442)</b>	<b>(38)</b>	<b>1</b>	<b>313</b>	<b>24.8</b>
	Q3 2009 (restated)	£m	1,170	(435)	(417)	(36)		282	24.1
	<i>Growth CER</i>	%	4	4	1	6	>100	7	
Corporate and other unallocated costs	<b>Q3 2010</b>	<b>£m</b>		<b>(16)</b>	<b>(151)</b>	<b>(18)</b>	<b>3</b>	<b>(182)</b>	
	Q3 2009 (restated)	£m		(8)	(244)	(9)	(65)	(326)	
	<i>Growth CER</i>	%		>100	(41)	89	>100	(47)	
<b>Results before major restructuring</b>	<b>Q3 2010</b>	<b>£m</b>	<b>6,813</b>	<b>(1,875)</b>	<b>(1,956)</b>	<b>(948)</b>	<b>95</b>	<b>2,129</b>	<b>31.2</b>
	Q3 2009 (restated)	£m	6,758	(1,732)	(2,064)	(862)	123	2,223	32.9
	<i>Growth CER</i>	%	(2)	9	(9)	8	(24)	(9)	

\* Note: This excludes HIV discovery research (pre-Phase IIb) which is conducted by GSK and Pfizer and R&D expenditure related to the Shionogi JV and Phase IV clinical expenditure which are

reported within  
the ViiV  
Healthcare OOI  
and SG&A lines  
respectively.

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The following table provides additional financial analysis for worldwide vaccines and worldwide dermatologicals which are not segments for financial reporting purposes and are managed within the geographical pharmaceutical segments. Consequently, these results are included within the financial information of the relevant geographical pharmaceutical segments as reported to the CEO and presented in the tables on pages 21 to 23.

**Three months ended 30th September 2010**

			Turnover	Cost of sales	SG&A costs	R&D costs	Other operating income	Operating profit	Operating margin %
	<b>Q3 2010</b>	<b>£m</b>	<b>982</b>	<b>(324)</b>	<b>(167)</b>	<b>(133)</b>	<b>24</b>	<b>382</b>	<b>38.9</b>
Worldwide vaccines	Q3 2009 (restated)	£m	802	(298)	(164)	(121)	37	256	31.9
	<i>Growth CER</i>	%	19	10	(1)	11	(35)	39	
	<b>Q3 2010</b>	<b>£m</b>	<b>272</b>	<b>(61)</b>	<b>(85)</b>	<b>(17)</b>	<b>2</b>	<b>111</b>	<b>40.8</b>
Worldwide dermatologicals	Q3 2009 (restated)	£m	220	(66)	(79)	(11)	1	65	29.5
	<i>Growth CER</i>	%	20	(12)	4	55	100	66	
	<b>Q3 2010</b>	<b>£m</b>	<b>4,299</b>	<b>(1,006)</b>	<b>(1,111)</b>	<b>(742)</b>	<b>65</b>	<b>1,505</b>	<b>35.0</b>
All other pharmaceuticals	Q3 2009 (restated)	£m	4,566	(925)	(1,160)	(685)	150	1,946	42.6
	<i>Growth CER</i>	%	(9)	11	(9)	5	(59)	(27)	
<b>Total pharmaceuticals</b>	<b>Q3 2010</b>	<b>£m</b>	<b>5,553</b>	<b>(1,391)</b>	<b>(1,363)</b>	<b>(892)</b>	<b>91</b>	<b>1,998</b>	<b>36.0</b>
	Q3 2009 (restated)	£m	5,588	(1,289)	(1,403)	(817)	188	2,267	40.6
	<i>Growth CER</i>	%	(3)	9	(7)	7	(53)	(16)	

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**Table of Contents****Nine months ended 30th September 2010**

			Turnover	Cost of sales	SG&A costs	R&D costs	Other operating income	Operating profit	Operating margin %
	<b>9 months</b>	<b>£m</b>	<b>5,794</b>	<b>(710)</b>	<b>(1,444)</b>		<b>147</b>	<b>3,787</b>	<b>65.4</b>
US pharmaceuticals	<b>2010</b>								
	9 months								
	2009								
	(restated)	£m	6,256	(682)	(1,552)		367	4,389	70.2
	<i>Growth</i>	%	(7)	4	(7)		(60)	(14)	
	<i>CER</i>								
	<b>9 months</b>	<b>£m</b>	<b>4,901</b>	<b>(1,044)</b>	<b>(1,051)</b>		<b>11</b>	<b>2,817</b>	<b>57.5</b>
Europe pharmaceuticals	<b>2010</b>								
	9 months								
	2009								
	(restated)	£m	4,856	(1,017)	(1,148)		6	2,697	55.5
	<i>Growth</i>	%	3	5	(7)		83	7	
	<i>CER</i>								
	<b>9 months</b>	<b>£m</b>	<b>2,587</b>	<b>(914)</b>	<b>(778)</b>	<b>(2)</b>	<b>33</b>	<b>926</b>	<b>35.8</b>
Emerging Markets	<b>2010</b>								
	9 months								
	2009								
	(restated)	£m	2,078	(737)	(669)	(2)	2	672	32.3
	<i>Growth</i>	%	24	23	18		>100	35	
	<i>CER</i>								
	<b>9 months</b>	<b>£m</b>	<b>2,305</b>	<b>(470)</b>	<b>(528)</b>	<b>(21)</b>	<b>18</b>	<b>1,304</b>	<b>56.6</b>
Asia Pacific / Japan	<b>2010</b>								
	9 months								
	2009								
	(restated)	£m	1,834	(406)	(478)	(15)	8	943	51.4
	<i>Growth</i>	%	17	13	3	33	>100	27	
	<i>CER</i>								
	<b>9 months</b>	<b>£m</b>	<b>1,163</b>	<b>(255)</b>	<b>(194)</b>	<b>(63)</b>	<b>(16)</b>	<b>635</b>	<b>54.6</b>
ViiV Healthcare	<b>2010</b>								

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	9 months 2009 (restated)	£m	1,190	(238)	(110)	(12)	(9)	821	69.0
	<i>Growth</i>	%	(2)	8	75	>100	(78)	(23)	
	<i>CER</i>								
	<b>9</b>	<b>£m</b>		<b>(1)</b>	<b>(120)</b>	<b>(2,177)</b>	<b>2</b>	<b>(2,296)</b>	
Pharmaceuticals R&D	<b>months</b> <b>2010</b>								
	9 months 2009 (restated)	£m			(137)	(2,238)	119	(2,256)	
	<i>Growth</i>	%			(13)	(3)	(98)	1	
	<i>CER</i>								
	<b>9</b>	<b>£m</b>	<b>702</b>	<b>(548)</b>	<b>(298)</b>	<b>(443)</b>	<b>195</b>	<b>(392)</b>	
Other trading and	<b>months</b> <b>2010</b>								
unallocated	9 months 2009 (restated)	£m	570	(542)	(328)	(414)	172	(542)	
pharmaceuticals	<i>Growth</i>	%	15	4	30	8	14	(8)	
	<i>CER</i>								
	<b>9</b>	<b>£m</b>	<b>17,452</b>	<b>(3,942)</b>	<b>(4,413)</b>	<b>(2,706)</b>	<b>390</b>	<b>6,781</b>	<b>38.9</b>
<b>Total pharmaceuticals</b>	<b>months</b> <b>2010</b>								
	9 months 2009 (restated)	£m	16,784	(3,622)	(4,422)	(2,681)	665	6,724	40.1
	<i>Growth</i>	%	3	9	3	1	(41)	(3)	
	<i>CER</i>								
	<b>9</b>	<b>£m</b>	<b>3,743</b>	<b>(1,425)</b>	<b>(1,464)</b>	<b>(116)</b>	<b>3</b>	<b>741</b>	<b>19.8</b>
Consumer Healthcare	<b>months</b> <b>2010</b>								
	9 months 2009 (restated)	£m	3,490	(1,319)	(1,397)	(105)	1	670	19.2
	<i>Growth</i>	%	5	6	3	10	>100	7	
	<i>CER</i>								
	<b>9</b>	<b>£m</b>		<b>(58)</b>	<b>(2,222)</b>	<b>(59)</b>	<b>(18)</b>	<b>(2,357)</b>	
Corporate and other	<b>months</b> <b>2010</b>								
unallocated costs									

	9								
	months								
	2009								
	(restated)	£m	(56)	(601)	(73)	(84)	(814)		
	<i>Growth</i>	%	4	>100	(19)	(79)	>100		
	<i>CER</i>								
	<b>9</b>	<b>£m</b>	<b>21,195</b>	<b>(5,425)</b>	<b>(8,099)</b>	<b>(2,881)</b>	<b>375</b>	<b>5,165</b>	<b>24.4</b>
	<b>months</b>								
<b>Results before major</b>	<b>2010</b>								
	9								
	months								
<b>restructuring</b>	2009								
	(restated)	£m	20,274	(4,997)	(6,420)	(2,859)	582	6,580	32.5
	<i>Growth</i>	%	4	9	28	1	(35)	(26)	
	<i>CER</i>								

\* Note: This excludes HIV discovery research (pre-Phase IIb) which is conducted by GSK and Pfizer and R&D expenditure related to the Shionogi JV and Phase IV clinical expenditure which are reported within the ViiV Healthcare OOI and SG&A lines respectively.

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**Nine months ended 30th September 2010**

			Turnover	Cost of sales	SG&A costs	R&D costs	Other operating income	Operating profit	Operating margin %
	<b>9 months 2010</b>	<b>£m</b>	<b>3,332</b>	<b>(973)</b>	<b>(489)</b>	<b>(376)</b>	<b>71</b>	<b>1,565</b>	<b>47.0</b>
Worldwide vaccines	9 months 2009	(restated) £m	2,183	(750)	(476)	(350)	84	691	31.7
	Growth CER	%	51	32	2	9	(15)	>10	0
	<b>9 months 2010</b>	<b>£m</b>	<b>799</b>	<b>(182)</b>	<b>(241)</b>	<b>(37)</b>	<b>3</b>	<b>342</b>	<b>42.8</b>
Worldwide dermatologicals	9 months 2009	(restated) £m	452	(119)	(85)	(11)	1	238	52.7
	Growth CER	%	74	50	>100	>100	>100	41	
	<b>9 months 2010</b>	<b>£m</b>	<b>13,321</b>	<b>(2,787)</b>	<b>(3,683)</b>	<b>(2,293)</b>	<b>316</b>	<b>4,874</b>	<b>36.6</b>
All other pharmaceuticals	9 months 2009	(restated) £m	14,149	(2,753)	(3,861)	(2,320)	580	5,795	41.0
	Growth CER	%	(6)	2	(1)	(2)	(45)	(19)	
<b>Total pharmaceuticals</b>	<b>9 months 2010</b>	<b>£m</b>	<b>17,452</b>	<b>(3,942)</b>	<b>(4,413)</b>	<b>(2,706)</b>	<b>390</b>	<b>6,781</b>	<b>38.9</b>
	9 months 2009	(restated) £m	16,784	(3,622)	(4,422)	(2,681)	665	6,724	40.1
	Growth CER	%	3	9	3	1	(41)	(3)	

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**Independent review report to GlaxoSmithKline plc**

**Introduction**

We have been engaged by the company to review the condensed financial information in the Results Announcement for the nine months ended 30th September 2010, which comprises the income statement and statement of comprehensive income for the three and nine months ended 30th September 2010, the cash flow statement and statement of changes in equity for the nine months ended 30th September 2010, the balance sheet as at 30th September 2010 and related notes (excluding the late-stage pharmaceuticals and vaccines pipeline table, Pharmaceuticals turnover table and the additional income statement information for the three and nine months ended 30th September 2010). We have read the other information contained in the Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial information.

**Directors responsibilities**

The Results Announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Results Announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed financial information included in the Results Announcement for the nine months ended 30th September 2010 has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union.

**Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed financial information in the Results Announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial information in the Results Announcement for the nine months ended 30th September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

21st October 2010

London

Notes:

- (a) The maintenance and integrity of the GlaxoSmithKline plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed financial information since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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