

6th May 2011, Mumbai, India

GlaxoSmithKline Pharmaceuticals Net Sales up 11.4%, Profit After Tax (before exceptionals) grows by 16% in First Quarter of FY 2011

GlaxoSmithKline Pharmaceuticals Limited has announced its financial results for the first quarter ended 31st March 2011. Profit after tax but before Exceptional Item grew by 16%. While the overall sales grew by 11.4%, net sales of the pharmaceuticals business grew by 12.4%.

Commenting on the performance during the quarter, Dr. Hasit B. Joshipura, Managing Director, said, "All of the Company's major business segments have registered good growth. In particular, Vaccines and the Mass Speciality business have registered strong double digit growth. The quarter saw the launch of two new products, one branded generic Calpol-T in the fast growing pain segment and Ansolar (Sunscreen Gel) a product from the Stiefel Dermatology range".

Marketing approvals were also received for two innovative products i.e., Votrient for renal carcinoma and Revolade for platelet depletion. The Company expects to launch these products in the ensuing quarter. Selling resources were strengthened by an addition of 550 numbers during the quarter.

Exceptional Item

The demand of Rs.71.79 crores made by the Central Government is in respect of Betamethasone bulk drugs and formulations made therefrom during the period 1981 to 1987. This was challenged by the Company in the Delhi High Court. Additionally in 1996, the Government called upon the Company to pay interest of Rs. 117.66 crores for the period 12th May 1981 to 17th October 1996. The original demand was challenged by the Company before the Delhi High Court, which demand was set aside by the High Courts' order of 19th October 2001. Pursuant to the SLP filed by the Government challenging the Delhi High Court Order, the Supreme Court vide its order of 30th March 2011 has upheld the Government's demand. The Company has filed an application in the Supreme Court

seeking *inter alia* clarification on some aspects of the judgement and directions for re-computation of the demand. The Company has accrued a liability of Rs. 18.68 crores in earlier years and a further provision of Rs. 53.11 crores (net of tax Rs. 24.45 crores) is disclosed in Exceptional Items for the quarter ended 31st March 2011. The Company without prejudice to and subject to the outcome of the application filed in the Supreme Court, has tendered as a further deposit, an amount of Rs.63.60 crores, which together with the Rs.8.19 crores previously deposited with the Government, aggregates to the demand of Rs.71.79 crores made by the Government. Additionally on 4th May 2011, the Government has called upon the Company to discharge the entire liability, including interest to date. While taking appropriate legal steps in relation to the demand for interest and without prejudice to its position that interest is not payable, the Company has recognised a provision of Rs.246.77 crores (net of tax Rs.161.01 crores) in respect of the Government's claim and is disclosed in Exceptional Items.

About GlaxoSmithKline:

GlaxoSmithKline Pharmaceuticals Limited is a subsidiary of GlaxoSmithKline plc, one of the world's leading research-based pharmaceutical and healthcare companies, committed to improving the quality of human life by enabling people to do more, feel better and live longer. For more information, visit www.gsk-india.com.

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