



GlaxoSmithKline Pharmaceuticals' Net Profit up 16.3%

Mumbai, February 16, 2007: GlaxoSmithKline Pharmaceuticals Limited posted a very satisfactory performance for the year ended 31st December, 2006. Profit before Tax and before Exceptional Items is up 16.3% to Rs. 555.95 crores in 2006 (Rs. 477.91 crores in 2005). However, after excluding the financials of the Animal Health (AFC) business which was divested during the year, the growth in net sales of the continuing businesses, mainly pharmaceuticals, works out to 9.3% and in Profit before Tax and Exceptional Items is 20.6 per cent.

The Board recommended a Dividend of Rs. 17 per Equity Share for the year (previous year Rs. 14 per Equity Share). If approved by the shareholders at the Annual General Meeting, the Dividend will absorb Rs. 144 crores inclusive of the Dividend Distribution Tax.

With additional cash generation from the divestment of AFC Business, the Directors opined that a portion of the surplus cash be returned to shareholders. The Board, therefore, recommended a special additional one-time Dividend of Rs. 14 per Equity Share. If approved by the shareholders at the Annual General Meeting, the special additional Dividend will absorb Rs. 118.58 crores inclusive of the Dividend Distribution Tax.

Commenting on the performance, Dr. Hasit B. Joshipura, Managing Director, GlaxoSmithKline Pharmaceuticals Limited said, "The Company posted double-digit growth in the topline during last quarter of 2006. This accelerated growth needs to be viewed on the backdrop of the industry growth fuelled by epidemics in the peninsular region which increased sales of formulations on pain, anti-infectives and gastro-intestinal. Procurement efficiencies and tight expense control also contributed to the entity's profit growth during the year."

Highlights of the Year

GSK commands a 6.4% market share in the Indian Pharmaceuticals Market (Source: Stockist Audit (ORG IMS) IIPA MAT December 2006 – this audit is representative of the Company's customer base covering stockists, sale to hospitals and vaccines purchases). The Company enjoys a leadership position in the Hospital segment (Source: [ORG IMS] Hospital Audit MAT December 2006) and in segments in which its products are represented. GSK had another satisfactory year with Net Sales of the Company's continuing businesses (excluding AFC) registering a growth of 9.3% and its pharmaceuticals sales by 9.2 per cent. The Qualigens Fine Chemicals business recorded a sales growth of 8.7% and Export sales grew by 10.4 per cent.

The pharmaceuticals business registered its growth due to active promotion of Priority Products and shift from the acute to the chronic disease segment.

New products were once again the major driver of growth in Pharmaceuticals. Sales of Augmentin crossed Rs. 100 crores this year. Business Development continues to

be one of the major sources of growth for the Company. Products launched since 2002 have contributed to around 25% of the Company's incremental sales in 2006. The Company divested the AFC business as a going concern to Virbac Animal Health India Private Limited, a 100% subsidiary of Virbac S.A. France on 31st July, 2006 for a consideration of Rs. 207.1 crores.

Research & Development

India has been identified as a major centre for clinical research across a number of disease areas for diseases which are relevant to India such as cancer, psychiatric disorders and infectious diseases. The emphasis of Clinical Research activities is today shifting from large, multi-centric Phase III studies to Phase II studies and even earlier dose escalation studies. GSK has identified 6 Oncology centres of conducting early phase studies in India, which are being developed with the expert inputs of the Institute of Cancer Medicine, University of Oxford.

In 2006, GSK India participated in more than 15 global clinical studies spanning across six therapy areas involving 200 patients.