

# Drugmaker GSK slashes annual profits forecast

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British drugmaker GlaxoSmithKline on Wednesday slashed its 2014 profits forecast as second-quarter earnings sank on the back of weak US trade, adverse currency moves and a Chinese bribery probe.

In a gloomy results statement, GSK said it now expected its earnings per share—a key measure of performance—to be "broadly flat" this year. That compared with the previous forecast for growth of 4.0-8.0 percent.

Net profit, or profit after tax, dived 37 percent to £654 million (\$1.11 billion, 827 million euros) in the three months to June 30, down from £1.045 billion in the same period of last year, GSK added.

Total revenues meanwhile tumbled 16 percent to £5.56 billion in the reporting period.

Stripping out the impact of currency fluctuations, revenues fell four percent.

GSK said its performance was hit by "continued increased competition in US respiratory market and generic competition to Lovaza", which is the group's key fish-oil heart drug.

China's corruption probe into its staff continued to weigh on sales, while the group repeated it was fully cooperating with authorities.

"China, acting through various government agencies, continues its

investigation into alleged crimes and violations of law by GSK's China operations," GSK said in Wednesday's statement.

"The group takes these allegations seriously and is continuing to cooperate fully with the Chinese authorities in this investigation."

GSK last year admitted senior employees appeared to have breached Chinese law, after Beijing authorities alleged staff had bribed government officials, pharmaceutical industry groups, hospitals and doctors to promote sales.

In May, Britain's Serious Fraud Office launched a criminal investigation into the group's commercial practices.

GSK's share price fell 3.50 percent to 1,500.5 pence, making it the biggest loser in London's benchmark FTSE 100 index, which was up 0.15 percent to 6,805.32 points in afternoon trade.

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