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Slump in GSK China sales caused by probe

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Singapore: British drug maker GlaxoSmithKline that has been facing bribery, corruption and sexual favours allegations in China is said to be facing a major slump in sales ahead of the investigations.

Analysts are predicting in reports that the company's revenues in China have fallen by more than a third during the three months to the end of September.

Analysts have further added that that decline has become more visible after the company admitted earlier this year that some of its employees in China could have been part of one of Beijing's biggest corruption investigations involving foreign multinationals.

Four senior members of GSK China's local management team were detained earlier after the local police leveled out a set of allegations relating to bribery, corruption and sexual favours against the company on July 15.

The company had admitted then that some of its executives in China appeared to have broken the law and said that it planned to change its business model in the country.

Sources have revealed in news reports that GSK would not announce a wholesale withdrawal from China in its third-quarter results announcement or any financial provision for prospective fines despite speculation that the scandal could cost it hundreds of millions of pounds in penalties.

Analysts are however expecting the company to report overall sales to grow, despite the situation in the country, as China counts for only around 4 percent of GSK's sales.