

GLAXO HOLDINGS p.l.c.

Annual Report and Accounts 1992

GLAXO

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek advice from your own independent financial adviser, authorised pursuant to the Financial Services Act 1986.

If you have sold all your Ordinary Shares in Glaxo Holdings p.l.c. please hand this document and the enclosed Form of Proxy to the stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

GLAXO HOLDINGS p.l.c.

(Registered in England No. 1047315)

Registered Office:
Lansdowne House,
Berkeley Square,
London W1X 6BP

23rd September, 1992

Dear Shareholder,

Annual General Meeting

You are cordially invited to this year's Annual General Meeting which will be held at 11.30 a.m. on Friday 16th October, 1992 at The Whitbread Conference & Banqueting Centre, Chiswell Street, London EC1Y 4SD. If you are unable to attend, you may wish to complete the enclosed Form of Proxy and return it using the envelope provided. Refreshments will be available at the Meeting and at its close a video will be shown of events in the Glaxo year under review.

The formal Notice of Meeting and resolutions to be proposed are set out on pages 2, 3 and 4 of this document, and on pages 5 and 6 you will find an appendix which gives explanatory notes on the items of Special Business to be conducted at the Meeting.

Recommendation

Your Board believes that the proposed resolutions are in the best interests of the Company and recommends you to vote in favour of them, as your directors intend to do in respect of their beneficial shareholdings amounting to 1,139,401 Ordinary Shares.

Scrip Dividend Alternative

We intend once again to offer a scrip dividend alternative to the recommended final dividend. You will see on page 6 the date on which the Form of Election will be sent to you and the date by which it should be returned.

Yours sincerely,

Paul Girolami

Sir Paul Girolami
Chairman

NOTICE OF MEETING

Notice is hereby given that the Twenty First Annual General Meeting of Glaxo Holdings p.l.c. will be held at THE WHITBREAD CONFERENCE & BANQUETING CENTRE, CHISWELL STREET, LONDON EC1Y 4SD on Friday 16th October, 1992, at 11.30 a.m. The following resolutions will be proposed as Ordinary Resolutions except resolutions 10, 13 and 15 which will be proposed as Special Resolutions:-

ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 30th June, 1992.
2. To declare a final dividend of 11p per Ordinary Share.
3. To re-elect Mr John D. Coombe as a director of the Company.
4. To re-elect Sir Richard Southwood as a director of the Company.
5. To re-elect Mr Jeremy A.W. Strachan as a director of the Company.
6. To re-elect Mr James L. Ferguson as a director of the Company.
7. To re-elect Mr Hiroshi Konishi as a director of the Company.
8. To re-elect Dr Charles A. Sanders as a director of the Company.
9. To re-appoint Coopers & Lybrand as auditor of the Company and to authorise the directors to fix the remuneration of the auditor.

SPECIAL BUSINESS

10. Purchase of Own Shares by the Company (Special Resolution)

THAT the Company be generally authorised pursuant to and in accordance with Section 166 of the Companies Act 1985 to make market purchases of its own Ordinary Shares upon and subject to the following conditions:-

- (a) the maximum number of shares in the Company hereby authorised to be acquired is 450 million;
- (b) the minimum price, exclusive of any advance corporation tax payable by the Company, and expenses, which may be paid for each such share is 25 pence;
- (c) the maximum price, exclusive of any advance corporation tax payable by the Company, and expenses, which may be paid for any such share is an amount equal to 105 per cent. of the average of the middle market quotations for the Ordinary Shares in the Company taken from The London Stock Exchange Daily Official List for the 10 business days immediately preceding the day on which such share is contracted to be purchased;
- (d) the authority hereby conferred shall expire on 15th April, 1994 or at the close of the Company's next Annual General Meeting, if that be earlier; and
- (e) the Company may enter into a contract for the purchase of such shares before the expiry of this authority which would or might be completed wholly or partly after its expiration.

11. Increase of Authorised Share Capital

THAT the authorised share capital of the Company be increased from £800 million to £1,000 million by the creation of an additional 800 million Ordinary Shares of 25 pence each.

12. Authority to Allot Shares

THAT, subject to the passing of Resolution 11 above, the directors be generally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985, in substitution for any other authority previously conferred upon them under that section, to exercise until the Section 80 Expiry Date all the powers of the Company to allot relevant securities (as defined in the said Section 80) up to the Section 80 Limit. By this authority the directors may prior to its expiry make offers or agreements which would or might require allotment of relevant securities after its expiry. In this resolution in the first instance the Section 80 Expiry Date is 15th October, 1997 and the Section 80 Limit is £242 million in nominal amount, and upon any variation or renewal of the authority they shall be the date and amount respectively specified as such in the relevant resolution.

13. Disapplication of Pre-emption Rights (Special Resolution)

THAT the directors being generally authorised for the purposes of Section 80 of the Companies Act 1985 ('the Act'), be empowered pursuant to and in accordance with Section 95 of the Act until the Section 89 Expiry Date or the date of the next Annual General Meeting if that be earlier to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to and within the terms of the said authority as if Section 89 (1) of the Act did not apply to such allotment, provided that this power shall be limited:-

- (a) to the allotment of equity securities pursuant to Article 1.(L) of the Company's Articles of Association; or
- (b) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are in proportion (or as nearly as may be) to their respective holdings of equity securities subject to such exclusions or other arrangements as the directors may think fit in connection with fractional entitlements or legal or practical problems arising in connection with the laws of, or requirements of any recognised regulatory body or stock exchange in, any territory; or
- (c) to the allotment (otherwise than pursuant to sub-paragraphs (a) or (b) above) of equity securities up to an aggregate nominal amount equal to the Section 89 Limit.

By this power the directors may prior to its expiry make offers or agreements which would or might require allotment of equity securities after its expiry. In this resolution in the first instance the Section 89 Expiry Date is 15th January, 1994 and the Section 89 Limit is £37.5 million in nominal amount and upon any renewal of the power shall be the date and amount respectively specified as such in the relevant resolution.

14. Scrip Dividend Alternative

THAT the directors be authorised pursuant to Article 1.(L) of the Articles of Association of the Company:-

- (a) to exercise the power contained in Article 1.(L) so that, to the extent determined by the directors, the holders of Ordinary Shares be permitted to elect to receive new Ordinary Shares in the capital of the Company, credited as fully paid, instead of cash in respect of the whole or some part of any interim or final dividends declared within the period beginning on the date hereof and ending not later than the conclusion of the next following Annual General Meeting of the Company; and
- (b) to capitalise a sum equal to the aggregate nominal amount of the new Ordinary Shares falling to be allotted pursuant to elections made as aforesaid out of any amount standing to the credit of any reserve or fund (including the profit and loss account), whether or not the same is available for distribution, as the directors may determine and apply that sum in paying up in full the appropriate number of unissued Ordinary Shares and to allot such Ordinary Shares to the members of the Company making such elections in accordance with their respective entitlements.

15. TAURUS (Special Resolution)

THAT, should the directors of the Company think fit:-

- (a) any securities of the Company may be converted into uncertificated form and every such conversion is hereby authorised; and
- (b) where any securities, whether or not currently authorised, constituted or created, are at any time to be issued by the Company, any such securities may be issued in uncertificated form and every issue of such securities in such form is hereby authorised.

By Order of the Board

N. G. U. Morris, Secretary
Lansdowne House,
Berkeley Square,
London W1X 6BP

23rd September, 1992

Notes

1. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote, instead of him. A proxy need not be a Member.
2. Completed Forms of Proxy must be delivered to the Registrar of the Company at least forty-eight hours before the time appointed for holding the Meeting.
3. A copy of all service contracts of directors with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company without payment of compensation within one year) and the register of interests of directors (and their families) in the share capital of the Company will be available for inspection at the registered office of the Company on any weekday (Saturdays excluded) from the date of this Notice until 16th October, 1992, during normal business hours and at THE WHITBREAD CONFERENCE & BANQUETING CENTRE, CHISWELL STREET, LONDON EC1Y 4SD on 16th October, 1992 from 11 a.m. until the conclusion of the Meeting.

APPENDIX

Explanatory notes on the Special Business of the 1992 Annual General Meeting

Resolution 10: Purchase of Own Shares by the Company

This resolution seeks a continuation of the Company's authority to make market purchases of its own shares up to a maximum of just under 15 per cent. of its current issued share capital. Your directors have no immediate intention of exercising the authority sought under the proposed resolution. Your Board will make purchases of the Company's own shares only if such purchases could be expected to result in an increase in earnings per share and to be in the best interests of shareholders generally.

Resolution 11: Increase of Authorised Share Capital

An increase in the authorised share capital of the Company is proposed, from £800 million to £1,000 million. The Company's present authorised but unissued share capital is just under £50 million and your Board considers it appropriate that this amount be increased to make adequate provision for future requirements. The directors have no present intention of issuing any part of the unissued authorised capital other than for the purposes of scrip dividends, of bond conversions and of the Company's employee share option schemes. No issue will be made which would effectively alter control of the Company without prior approval of the shareholders in general meeting.

Resolution 12: Authority to Allot Shares

Your directors seek fresh authority to allot almost all the unissued share capital of the Company (as increased following the passing of Resolution 11) for a period of up to 5 years in accordance with the Companies Act 1985. This authority would supersede an existing authority given to them at the AGM in 1989.

Resolution 13: Disapplication of Pre-emption Rights

Your directors seek fresh power to allot shares for cash (other than under the Company's employee share option schemes and other than in connection with a scrip dividend issue or a rights issue) on a non pre-emptive basis up to a maximum of £37.5 million in nominal value of the Company's shares. The resolution also removes some of the practical problems that can be encountered in implementing rights issues. Your Board has no immediate intention of exercising this power.

Resolution 14: Scrip Dividend Alternative

Authority is sought to offer shareholders the alternative of receiving scrip dividends. The authority now sought will expire at the end of the next AGM and your directors expect to seek a further renewal at that time.

Resolution 15: TAURUS

The London Stock Exchange expects during the course of the next year to introduce an electronic computer system for the transfer and registration of securities, in which it is envisaged that all listed company securities will ultimately participate. 'TAURUS' (Transfer

and Automated Registration of Uncertificated Stock) will eliminate the need for share certificates and transfer forms when securities are bought and sold, and will replace them with 'electronic records' similar to today's bank accounts. An information booklet, produced by The London Stock Exchange, is enclosed with this document.

Information has not yet been provided in enough detail to enable your directors to make a final decision whether or when the Company should join the new system. In particular, The London Stock Exchange's Rule Book in relation to TAURUS, which will contain a number of detailed provisions relevant to the proposals, has not yet been published. However, it now appears at least a possibility that TAURUS will have been launched before the 1993 AGM, and your directors believe that they should be enabled to authorise the participation of the Company's Ordinary Shares should that appear to them to be in the best interests overall of the Company and of the shareholders. Shareholders are therefore being asked now, as a first step in the process, to pass the special resolution giving authority to your directors, should they think fit, to implement conversion of the Company's quoted securities into uncertificated form. Holders of Ordinary Shares will be kept informed as to the decision regarding the Company's potential participation in TAURUS and the timing of entry.

The entry into TAURUS would have no effect on holders of American Depository Shares, who will continue to receive American Depository Receipts.

Key Dates

Friday 25th September, 1992	Record date for final/scrip dividend.
Monday 28th September, 1992	Form of Election for scrip dividend sent to shareholders.
Wednesday 14th October, 1992	Last date for receipt of Proxies.
Thursday 15th October, 1992	Last date for receipt of Forms of Election for scrip dividend.
Friday 16th October, 1992	Annual General Meeting.
Friday 13th November, 1992	Recommended payment of final dividend and issue of scrip dividend shares to holders of Ordinary Shares.
Monday 23rd November, 1992	Recommended payment of final dividend to ADR holders.

*Glaxo is an integrated research based group of
companies whose corporate purpose is the discovery,
development, manufacture and marketing
of safe, effective medicines of the highest quality.*

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CHAIRMAN'S STATEMENT

The Group's turnover for the year to the 30th June 1992, shown in these Accounts, amounted to £4,096 million, some £699 million or 21% higher than the year before. Of the increase, £426 million was contributed by our established products and £273 million by the new products. These figures measure the achievement of the short-term objectives described in my Statement last year, which were to continue to expand the sales of established products and to introduce new medicines into world markets. Operating at margins slightly lower than last year, these sales produced a trading profit of £1,287 million, 17% higher than the previous year. These percentage increases do not provide a wholly complete picture of this year's achievement. In 1991/1992 the £699 million of sales and £183 million of trading profit that the Group added were the biggest increases in the Group's history and as large as our entire pharmaceutical business as it existed only nine years ago.

Lower yields on the money invested led to a reduction in the income arising from the management of our liquid funds, and the net income, after interest payable, amounted to £140 million, £39 million lower than last year. The trading profit and net investment income added together produced a profit before tax of £1,427 million, some 11% higher. After allowing for taxation and minority interests, the profit before appropriation becomes £1,033 million and earnings per share at 34·3p are 13% higher.

The accounts of all world-wide and international businesses are subject to the impact of changes in the rates of monetary exchange and, once again, fluctuations in these rates had a significant effect on our figures when translated into sterling for the purpose of consolidating the accounts. Last year, they understated the real extent of the Group's growth; this year, they overstated it. If average exchange rates during the year to the 30th June 1992 had been the same as during the preceding year, the growth in sales and trading profit would have been 18% and 12% respectively, instead of the 21% and 17% reported in these Accounts.

In the light of these results and taking account of the Group's financial position, your Board is recommending a final dividend of 11p per share which, taken with the interim dividend paid last May, makes a total dividend for the financial year of 17p, an increase of 21% over last year's total of 14p.

This is the Group's twelfth year of continuous growth. Sales have risen from £415 million in 1979/1980 to £4,096 million this year and trading profits, over the same period, from £69 million to £1,287 million. This rapid expansion of trade has, however, been accompanied by a heavy investment in the Group's infrastructure and its operations, particularly research, development and marketing. The increase in operating expenses has outpaced the increase in sales, with the result that trading margins have steadily fallen in recent years. Research and development activities accounted for 21% of this year's operating costs, while 26% was taken up by primary and secondary manufacturing services; marketing operations absorbed 41% of the total, and general administration, 12%.

Investment in fixed assets also outpaced the increase in profits, and the return on capital employed, apart from 1991/1992, has fallen since it reached its peak in 1986. Tangible fixed assets at the 30th June 1992 stood at £2,341 million, including additions during the year amounting to £566 million. These additions were made up of £237 million for research and development laboratories, £199 million for primary and secondary manufacturing plants and £130 million for administrative and distribution facilities. The amount of working capital shown in the Balance Sheet is insignificant since stocks and debtors are offset by creditors, and the capital employed in our world-wide business at £2,307 million (excluding cash and net liquid resources) is relatively small in relation to turnover and trading profits.

Our turnover is driven not by plant and buildings, but by the science, technology and skills used by our staff to discover new compounds, to shape them into products, to develop processes for their manufacture and to market them effectively by matching them to the needs of patients throughout the world. These Group activities are intimately related one with the other and all must be conducted successfully, otherwise the beginning of the process, innovation, can lead to a sterile outcome. The immense value of this fund of knowledge and experience on which the Group's success is founded is not, of course, carried in the Balance Sheet and, unlike fixed assets, appreciates in value with time.

As indicated above, the new medicines recently introduced to the market made, in this year's Accounts, their initial and first significant contribution with total sales amounting to £363 million, or 9% of the Group's turnover. The first of these medicines, ondansetron, which entered the UK market in March 1990, is used for the treatment of nausea and vomiting arising during cancer therapy. It was quickly registered, and is now available, in most of the world's markets and achieved sales this year of £259 million. Salmeterol, an inhaled long-acting treatment for asthma, and sumatriptan, for the treatment of migraine, are both registered in a large number of markets but, in this financial year, were sold for any meaningful length of time in only two countries – the sales of these medicines were £37 million and £43 million respectively. Lacidipine, for treating hypertension, has had a very good start in the one market in which it has been introduced, Italy, with sales of £20 million. Fluticasone propionate, with sales of £4 million this year, completes the list of new products by providing two medicines, one for treating rhinitis and the other dermatitis.

It is, however, the progress of our long-established products which has continued to provide the substance and the shape of this year's trading results. The sales of these products at £3,733 million, show an increase of 13% and account for 91% of the Group's total turnover. The sales of all major four therapeutic classes increased during the year; ranitidine by 13% to £1,807 million; respiratory medicines by 24% to £964 million; systemic antibiotics by 12% to £681 million and our dermatological medicines by 13% to £145 million.

Glaxo companies have improved their competitive positions throughout the world, particularly North America and Europe. The progress of our company in Japan continues to be held back, however, by regularly imposed price reductions and delays in registrations, but the long-term prospects remain undiminished and our company will resume its advance in the world's second largest market with the introduction of new products in a few years time. The Glaxo companies in Australia and New Zealand, long established as leading concerns with market shares of 10% and 14.9% respectively, are consolidating their positions with the onset of new products, and these same products are providing the stimulus for a resurgence of activity in other countries in the Asia Pacific region and in Latin America. We recently opened a factory in China and our sales in that country amounted to £13 million. In Eastern Europe and Russia our sales improved to reach a total of £27 million, but in this area, in particular, the main focus of our attention is to lay the foundations of future trade by establishing branches and companies. If we look at the world's pharmaceutical market in total we see that the Group's share increased during the year to 3.7%, and that leading or significant shares are held in most of the largest markets, for example, 14.1% in the UK; 5.9% in Italy; 2.9% in France; 2.8% in Germany and 6.4% in the USA.

Our short-term operating objectives this year remain the same as last year: to continue to expand the sales of established medicines, then to obtain approval from the regulatory authorities for our

CHAIRMAN'S STATEMENT *Continued*

new products before proving their quality and value by success in the market place; and, finally, to lay the foundations of future trade in emerging markets.

The successful registration and approval of new medicines in many countries has not diminished the intense activity in our development laboratories. The programmes for obtaining approval for our new medicines are not completed; neither salmeterol nor sumatriptan is yet approved in many major markets, including the USA, Germany, France and Spain, and lacidipine is approved only in the UK and Italy. Looking beyond immediate market considerations, it is gratifying to know, as the review of activities makes clear, that we have in full development a number of important compounds which aim to deal with illnesses or conditions where the present treatment is inadequate or non-existent. Following immediately behind these compounds, seventeen additional compounds in exploratory development offer very good prospects of candidates for inclusion in the programmes for full development in due course. There is no better evidence of our continuing success in discovering compounds directed to meeting the medical needs of the community than the number and quality of the chemical entities contained in these programmes.

Our priority in the longer term remains the expansion and internationalisation of research and development. We now have nearly seven thousand staff engaged on these activities throughout the world at a cost this year of £595 million, and on top of this amount of revenue expenditure, we invested £237 million in fixed assets. While recognising that the Group's success rests on maintaining the pragmatic nature of our research, sharply focused on the medical needs of the market, we are also aware that it is necessary for our scientists to keep in close touch with advances in scientific knowledge, particularly molecular and cellular structures and processes. This awareness leads us to continue and intensify our programme of research collaborations since these are a valuable means of keeping abreast of the latest developments and, in this way, of helping to retain the vitality and creativity of our research.

An understandable pre-occupation in the short term with marketing, and in the longer term, with research and development may tend to obscure the enduring and equal importance of other Group activities, particularly manufacturing. We carry out two types of manufacturing operations: primary, which involves the production of the fine chemical and active ingredient contained in the medicine and, secondary, which involves its preparation and presentation in the form in which the medicine is administered to the patient. Both are highly complex and technical processes and both demand uncompromising standards of quality and service to the market. Primary manufacture, although an international operation, is concentrated in a small number of locations, whereas secondary operations are carried out in nearly forty plants throughout the world. This network of primary and secondary factories is coordinated by a comprehensive manufacturing strategy to make sure that both our own standards and those of the registration authorities are completely satisfied and that all our customers in all countries are provided with products without delay. The rapid expansion of the Group's business, the geographical extension of its markets and the introduction of new compounds have made very heavy demands on our manufacturing organisation and staff. These demands have been fully met, quietly and efficiently.

The policies and organisation which have directed and shaped the Group's progress and success for more than a decade, and which have been fully explained in past Statements, have continued to confirm their validity in changing circumstances. We adjust our policies and procedures not only to meet the challenge of competition but also in the face of new knowledge and in changes in the attitudes of our

customers, Governments and medical professions and in the structures and practices of health systems. In this context, it is likely that an increasing number of prescription medicines will, with suitable modifications, find a proper place in the over-the-counter market. This is not a market in which we operate but we are conscious of the potential of our product portfolio if this direction were confirmed and of the need to take advantage of the opportunities that would then be offered.

There have been a number of improvements, in the Group's organisation this year. An important change concerns the responsibility for managing the Group's liquid funds. These funds have reached a level where the Board felt that their management required the full-time attention of an executive director and, consequently, the separation of the financial function at Board level. Mr. John Hignett has, therefore, retained his responsibility for managing the Group funds, as Managing Director, Corporate Funds, but, at the beginning of the current financial year, has passed the responsibility for the other financial affairs of the Group, including all forms of financial accounting and related functions to Mr. John Coombe as Managing Director, Finance. There have been other management changes at regional and national levels to meet the normal needs of an expanding business. All these changes conserve the fundamental principles of our Group organisation, including full delegated authority to operating companies, leadership and functional direction from the centre and short lines of reporting from the individual operating companies to the top level of the Group.

Our operating companies serve communities throughout the world direct by providing new, effective and safe medicines. The same companies, which form an integral part of these communities find a further expression of service in the Group's policy for charitable support. This year our expenditure world-wide on such support programmes was £18 million, an increase of 29% over last year.

I now turn to formal Board matters. I explained in my last Statement the structure of the various Committees of the Board, namely the Group Audit Committee, the Group Appeals Committee and the Senior Emoluments Committee. The functions of these Committees remain unchanged. The Board welcomes the appointment of Dr. Ernest Mario, as Deputy Chairman on the 1st January 1992, a position he assumes as an addition to his office as Chief Executive. The Board also welcomes Professor Sir Richard Southwood as a non-executive director, Mr. Jeremy Strachan, as Managing Director, Corporate Affairs, and Mr. John Coombe as Managing Director, Finance. Sir Ralf Dahrendorf, a non-executive director since 1984, is due to retire from the Board at the Annual General Meeting to be held on the 16th October 1992. His colleagues on the Board express their gratitude and their best wishes. We shall miss the benefit of his advice and experience.

Finally, on behalf of the Board, I wish to express our sincere appreciation to our employees and staff throughout the world. It is their commitment, hard work and competence which, in the space of a few years, have led to a transformation of the Group into a leading company and to a successful 1991/1992; a year when the Group, even with its new dimensions, shows the same vitality and ability to expand.



SIR PAUL GIROLAMI *Chairman*

FINANCIAL FACTS

For the year ended 30th June
SUMMARY OF RESULTS

	1992 £m	1991 £m	Change %
Turnover	4,096	3,397	21
Selling, general and administrative expenditure	1,492	1,231	21
Research and development expenditure	595	475	25
Trading profit	1,287	1,104	17
Investment income less interest payable	140	179	(22)
Profit on ordinary activities before taxation	1,427	1,283	11
Profit for appropriation	1,033	881	17
Dividends	512	420	22
Earnings per Ordinary Share	34.3p	30.4p	13
Dividends per Ordinary Share	17.0p	14.0p	21
Return on capital employed	39.2%	39.1%	—

At 30th June

SUMMARY BALANCE SHEET

	1992 £m	1991 £m	Change %
Fixed assets	2,373	2,109	13
Net liquid funds	1,332	1,212	10
Other assets and liabilities	(66)	(39)	(69)
Net assets	3,639	3,282	11

For the year ended 30th June
CAPITAL EXPENDITURE

	1992 £m	1991 £m	Change %
Manufacturing	199	177	12
Research and development	237	236	-
Other	130	208	(38)
	566	621	(9)
Europe	354	347	2
North America	105	183	(43)
Rest of World	107	91	18
	566	621	(9)

For the year ended 30th June
AVERAGE NUMBER OF GROUP EMPLOYEES

	1992 Number	1991 Number	Change %
Manufacturing	12,905	13,358	(3)
Research and development	6,643	6,389	4
Selling, general and administrative	17,535	15,893	10
	37,083	35,640	4
Europe	20,394	19,970	2
North America	5,950	5,408	10
Rest of World	10,739	10,262	5
	37,083	35,640	4

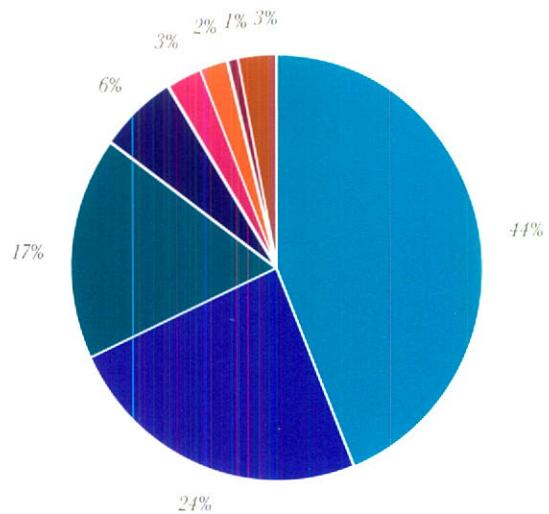
FINANCIAL FACTS *Continued*

Sales and Market Analysis: Throughout the Annual Report and Accounts, the figures quoted for Glaxo sales by product and geographic area are based on the results of the Group as reported in sterling. The rates of growth of Glaxo sales in individual markets are based on local currency comparisons.

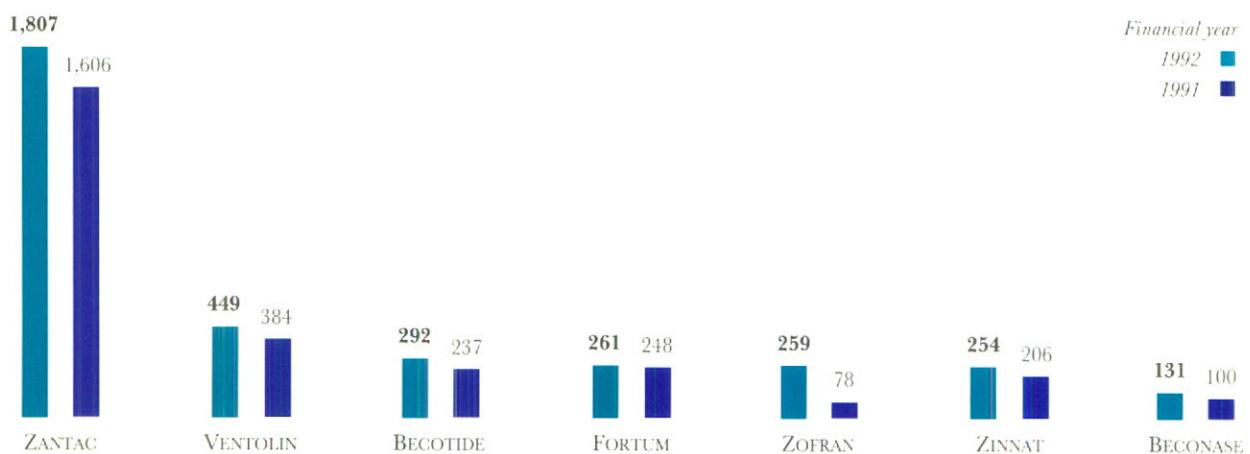
The figures quoted for market shares, market sizes, and rates of growth are drawn from Glaxo estimates for the calendar year 1991 based on independent, external sources and expressed in terms of local currencies, valued in sterling at the average exchange rates for that year.

THERAPEUTIC ANALYSIS OF TURNOVER

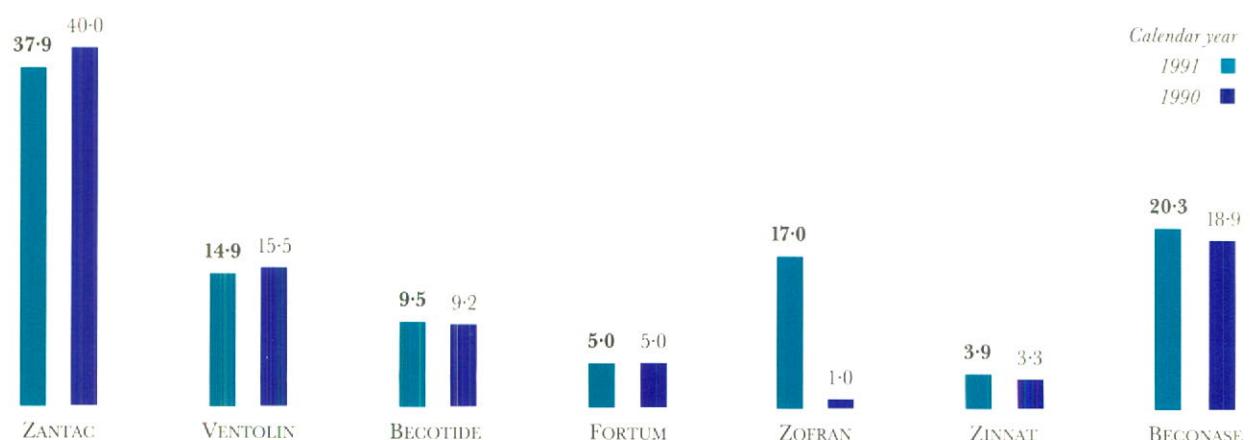
	1992	1991	Change
	£m	£m	%
Anti-ulcerants	1,807	1,606	13
Respiratory	964	775	24
Systemic antibiotics	681	608	12
Anti-emesis	259	78	232
Dermatologicals	145	128	13
Cardiovascular	63	43	47
Anti-migraine	43	2	—
Other	134	157	(15)
	4,096	3,397	21



SALES OF MAJOR PRODUCTS £ millions

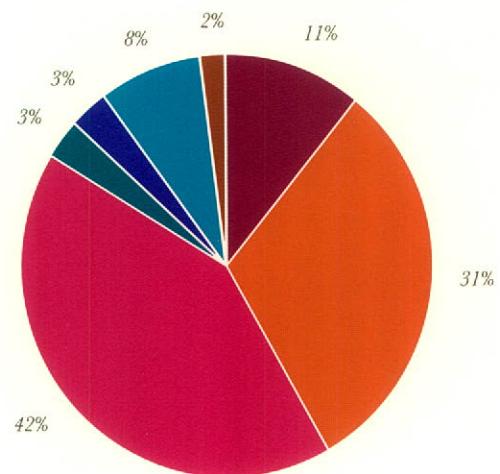


MARKET SHARES OF GLAXO PRODUCTS BY THERAPEUTIC CATEGORY *per cent*

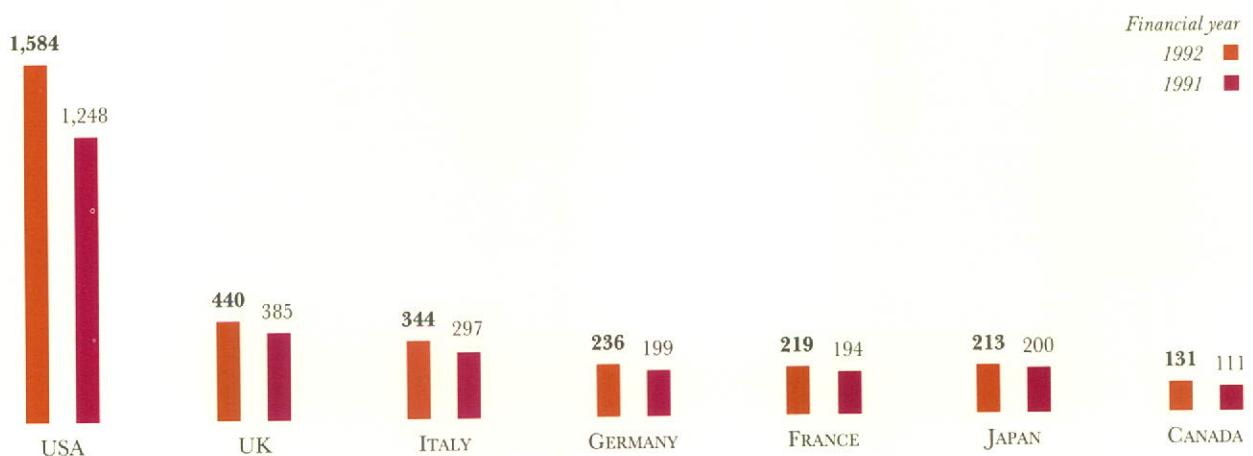


GEOGRAPHICAL ANALYSIS OF TURNOVER

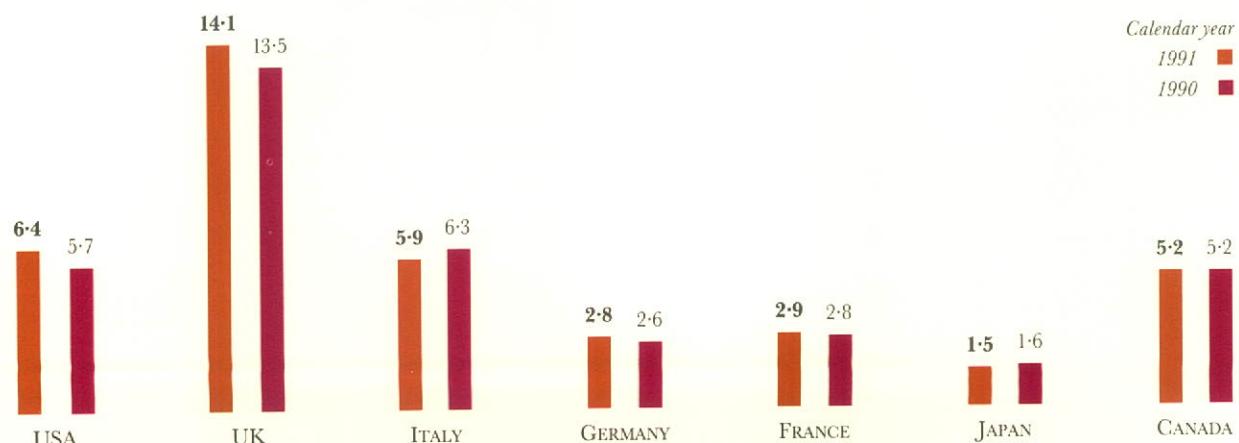
	1992 £m	1991 £m	Change %
UK	440	385	14
Europe (excluding UK)	1,284	1,096	17
North America	1,715	1,359	26
Latin America	121	95	27
Africa and Middle East	102	79	29
Southern Asia and Far East	340	298	14
Australasia	94	85	11
	4,096	3,397	21



SALES BY MAJOR COUNTRY £ millions



MARKET SHARES OF GLAXO PRODUCTS BY GEOGRAPHIC MARKET per cent



REVIEW OF ACTIVITIES

Innovation: The lifeblood of the Company. For Glaxo, the pharmaceutical business is about successful innovation.

During 1991/92 our focus has been on the programme of launching in world markets the series of new products which reached their first registrations in the previous two years. By the end of the year, ZOFRAN (ondansetron) for the treatment of nausea and vomiting associated with cancer therapy was successfully launched in most major world markets; IMIGRAN (sumatriptan) our 5HT₁ agonist for the treatment of migraine was available in 15 markets; and SEREVENT (salmeterol xinafoate) an inhaled long-acting bronchodilator treatment for asthma in 21 markets. We believe that multiple market launches, by one company in a single year, of such a range of new products are without precedent. The rapid commercialisation of these and other new medicines has placed great demands upon the regulatory and marketing departments of Glaxo companies around the world. At the same time, we clearly recognise that innovation has to be a continuous process. Our expenditure on research and development in 1991/92 totalled £595 million. In addition £237 million of capital investment was devoted to R&D facilities around the world.

GLAXO DEVELOPED PRODUCTS AND DATES OF FIRST LAUNCH

Imigran	1991
Lacipil	1991
Cutivate	1991
Zofran	1990
Serevent	1990
Flixonase	1990
Zinnat	1987
Volmax	1987
Fortum	1983
Zantac	1981
Zinacef	1978
Trandate	1977
Beconase	1975
Dermovate	1973
Becotide	1972
Ventolin	1969
Betnovate	1964

Our launch programme shows the fruits of previous research: our research investments show our commitment to future innovation and our determination to take a long view despite short-term pressures. In many ways 1991/92 has not been an easy year. External conditions have toughened. Worldwide pressure on national health expenditures, to which we drew attention last year, has intensified. Concern often focuses excessively upon the small part of health expenditure attributable to medicines, which typically account for little more than 12% of healthcare budgets. In Glaxo's largest market, the United States, the Medicaid discounting arrangements have had a significant impact on our business. In Italy, new and revised patient charges and exemption restrictions were introduced in January; while other EC governments are considering proposals for new or revised medicines price controls. In Japan the government has imposed a further round of price cuts.

We understand the pressures faced by healthcare administrators and accept that expenditure on medicines must be sensibly managed. But we are concerned by the short-term solutions to which many governments seem inclined to resort. During the past year we have invested significantly in economic research and analysis (known as pharmaco-economics) to demonstrate in objective terms the values and benefits of our medicines to health authorities, to patients, and to national economies.

Overall, we believe the future prospects for the innovative pharmaceutical industry and the Group are sound. The expected launch of our new medicines in all major markets over the next few years will consolidate our new cycle of growth. This in turn will fund our continuing commitment to novel pharmaceutical research which is the basis for the Group's long term prosperity.

New Products: Our range of new products accounted for 9% of revenue in 1991/92.

ZOFRAN passed all expectations in its second year of marketing. Its sales achieved £259 million, despite the arrival in some markets of two competing products. ZOFRAN, which has established itself as the standard for anti-emetic therapy in cancer treatment, is now well placed to consolidate its market position and to withstand new competition. In May it received in the UK its first marketing approval for use in the control of post-operative nausea and vomiting.

SEREVENT entered a further 19 markets during the year, reaching sales of £37 million. Its steady rather than dramatic progress has been influenced by the long-running debate in medical circles about the proper role of beta-agonists (the class to which SEREVENT belongs) in the treatment of asthma. The debate has usefully clarified the parameters for asthma treatment and towards the end of the financial year leading regulatory authorities had provided treatment guidelines and reassurances on the proper role and value of beta-agonists.

Thousands of migraine sufferers around the world are now enjoying the benefits of treatment with IMIGRAN, which was launched in a further 14 markets during 1991/92 and achieved sales of £43 million by the year end. We expect IMIGRAN to offer first-line therapy for severe or frequent migraineurs. Some health authorities, alarmed by unfounded extrapolations of potential IMIGRAN sales, have focused on its price as a matter of concern. We believe that all our prices are carefully and rationally determined, and reflect the value which our products offer.

The continuing roll-out of our portfolio of new products alters the general make-up of the Group's revenues. ZOFRAN, IMIGRAN and SEREVENT together with three other new medicines (FLIXONASE – fluticasone propionate for rhinitis, CUTTIVATE – fluticasone propionate for dermatitis, and LACIPIL – lacidipine for hypertension) accounted for 9% of the Group's total revenue in 1991/92.

Established Products.

ANTI-ULCERANTS Ranitidine (mainly sold as ZANTAC) showed 13% revenue growth in the year, a satisfactory performance, and remained the largest-selling product in the world pharmaceutical business. As a percentage of total group revenues, its contribution declined from 47% to 44%. The product's performance in the United States remained encouragingly strong. The effervescent form of ZANTAC was launched in a further 5 countries during the year and is rapidly establishing its value as an alternative form of tablet administration.

REVIEW OF ACTIVITIES *Continued*

RESPIRATORY MEDICINES The Company's commitment to the treatment of respiratory disease, in particular asthma, has been clearly reaffirmed by the launch of SEREVENT, and the submission in April of the first product licence applications for the inhaled formulations of FLIXOTIDE (fluticasone propionate).

Almost a quarter of the Group's business derives from this group of medicines, which grew faster than overall Group sales in 1991/92. All of our existing major asthma products contributed to this success and the market strength of VENTOLIN (salbutamol/albuterol) and BECOTIDE (beclomethasone dipropionate), first launched in 1969 and 1972 respectively, remains remarkable. In 1991, they retained their respective first and second positions among medicines for the treatment of asthma.

SYSTEMIC ANTIBIOTICS The performance of the Company's third-ranked therapeutic group, systemic antibiotics, remains satisfactory. Maintaining the progress of previous years, we continued to improve our position in the world anti-infective market and at December 1991 Glaxo products held a combined share of 5.1%. Progress of ZINNAT (cefuroxime axetil) remained exceptionally strong. It is now challenging the well-established FORTUM (ceftazidime) for sales leadership of our antibiotic group, and in 1991 it continued to advance in its market, being the fifth largest oral anti-infective. It is now available in suspension form in many countries for the treatment of children.

LEADING NATIONAL PHARMACEUTICAL MARKETS IN THE CALENDAR YEAR 1991

Country	Estimated market value (£ millions)	Percentage of world market	Percentage growth
USA	26,800	29	14
Japan	17,400	19	8
Germany	7,200	8	11
Italy	6,800	7	12
France	6,500	7	8
UK	3,100	3	12
Spain	2,500	3	16
Canada	2,200	2	11
Brazil	1,400	2	-13
Mexico	1,400	2	24
Others	18,100	18	18
Total	93,400	100	12

DERMATOLOGY Glaxo maintained its second place in the world dermatological market. It is rewarding to note the continued steady growth of such long-established products as BETNOVATE (betamethasone valerate) and DERMOVATE (clobetasol propionate). The launch of CUTIVATE (fluticasone propionate) represents an opportunity to build on Glaxo's long-standing success in this market.

Continued Progress in the World's Pharmaceutical Markets.

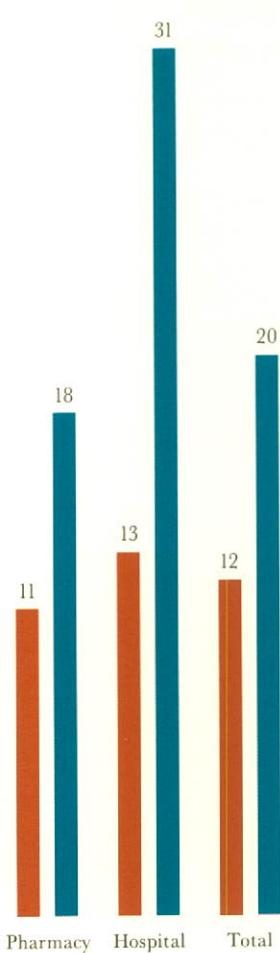
Assisted by our new products, Glaxo's growth rate in calendar 1991 was the fastest of the world's top 20 pharmaceutical companies, further consolidating our second-ranking position in the world industry. Glaxo's 3.7% share of the world market (excluding China and the countries of the former Soviet Union) is now significantly ahead of the third-ranking company and showed a narrowing of the gap with the largest company.

The world's top ten pharmaceutical markets are shown in the adjacent chart. Mexico joined the group in 1991, displacing Korea. The United States market again grew faster than the world market as a whole in 1991, but growth of the Japanese market was below that of the world market, as a consequence of product price reductions imposed by the health authorities.

SALES GROWTH IN THE CALENDAR YEAR 1991

per cent

■ World ■ Glaxo



The European Community countries continued to account for a third of the total world market.

Glaxo's share of the major world markets is shown on page 9.

In the world pharmacy sector in 1991 Glaxo's growth once again outstripped the industry average of 11%, and we maintained our second rank. In the hospital sector our position has for many years been determined principally by ZANTAC and the injectable antibiotics. These have now been joined by ZOFTRAN, and overall our sales to hospitals grew at more than twice the rate of the hospital market, thus significantly increasing our sector share during 1991.

EUROPE Sales in Europe contributed 42% of Glaxo's turnover in the year.

Highlights included continued substantial progress in Germany for Glaxo GmbH and the Group's 50% owned subsidiary undertaking Cascan. Impressive sales growth was achieved in Turkey, Greece, Portugal, Austria and Denmark, whilst our company in Spain also recorded a strong increase. In terms of market share, Glaxo Pharmaceuticals UK Ltd achieved 14.1% market share for the first time, further consolidating its well-established leading position. The value of Glaxo exports from the UK was £837 million and represented, once again, more than one quarter of total UK pharmaceutical exports during the year. Our sales in Eastern Europe, while still small in absolute terms, showed the fastest growth (54%) of any of our regional businesses in 1991/92.

NORTH AMERICA Glaxo sales in the USA exceeded £1.5 billion in the year and, at 22%, our US business growth was ahead of the market rate. This reflected particularly active development in the respiratory area which showed an overall US growth of 27%. Most recent market share figures for the prescription market indicate that Glaxo Inc is now the second largest company in this sector of the market. This was a first-class performance in an increasingly difficult market where healthcare cost pressures must be expected to continue to affect the pharmaceutical sector for some time to come.

Our Canadian business grew steadily, reflecting the gradual improvement in the market environment after the restrictive conditions which prevailed in earlier years.

REST OF WORLD Trading conditions in Japan were affected again by the government's price policy whereby our sales in local currency decreased by 3%.

Elsewhere in Southern and Eastern Asia sales advanced smartly, with sales growth in the year of 30%. This performance was led by China, Indonesia, Philippines and Taiwan.

Sales in Australia rose by 11%; but, constrained by government price pressures, sales growth in New Zealand was limited to 3%. Currency depreciation remained a major problem for our businesses in the Indian

REVIEW OF ACTIVITIES *Continued*

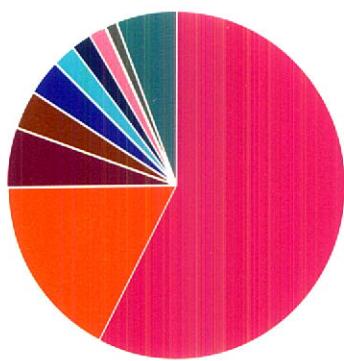
sub-continent, although overall they continued to make steady progress.

Business conditions in Latin America continued to reflect the general improvement in the economic performance of the region. Greater currency stability has improved the contribution of these markets to the Group and sterling sales grew by 27% in the year. Although product registration remains relatively slow in these markets, our portfolio of new products is now beginning to move forward well.

Our sales in the Africa and Middle East markets were £102 million and showed 29% growth over the previous year. A joint venture for manufacture and marketing has been established in Saudi Arabia.

Research & Development: The expansion of the Group's world-wide R&D activities has continued successfully during the past year.

WORLD-WIDE RESEARCH AND DEVELOPMENT MANPOWER at 30th June 1992



	Number
UK	3,964
USA	1,188
Italy	383
Japan	249
France	239
Switzerland	152
Germany	127
Canada	116
Spain	74
Rest of the World	401
	6,893

At 30th June 1992 there were 6,893 staff engaged in the process of discovery and development of new medicines and in 1991/92 revenue expenditure increased to £595 million. During the year new research and development facilities were opened at Tres Cantos, Spain and at Tsukuba, Japan. The new research facilities at Stevenage are due to be completed and in use during 1995.

At the beginning of 1992 Glaxo Group Research Ltd embarked upon a new initiative with the establishment of the Glaxo Institute of Applied Pharmacology which is situated within the Pharmacology Department of the University of Cambridge. This new Institute is staffed by Glaxo scientists, academic scientists and research students, and its location within one of the UK's leading academic pharmacology departments provides an excellent opportunity for cross-fertilisation of ideas between academic and industrial scientists.

In December 1991, Glaxo was honoured to receive Europe's most prestigious award for pharmaceutical innovation – the Prix Galien – in recognition of the discovery of ondansetron (ZOFTRAN), while in April 1992 Glaxo Group Research Ltd was proud to receive a Queen's Award for technological achievement in respect of its development of cefuroxime axetil (ZINNAT).

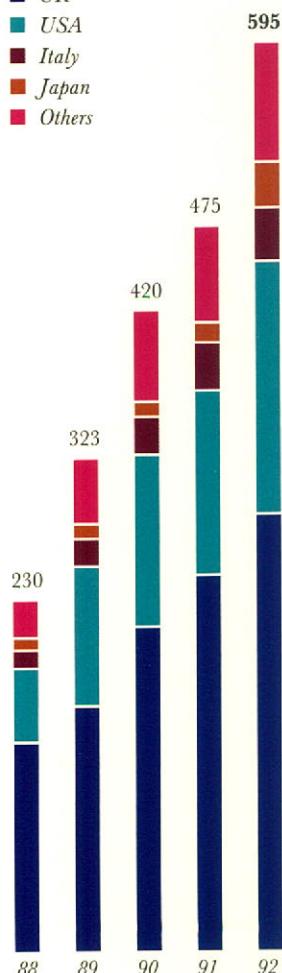
RESEARCH PROGRAMMES The Group is currently conducting research within eight therapeutic areas principally in the UK and the USA. Increasingly important contributions are, however, being made by the research teams in Italy, France and Spain to the drug discovery programmes in the central nervous system, cardiovascular system and infectious disease therapeutic areas. The international dimension to our research activities is reviewed and co-ordinated through a new system of International Research Strategy Meetings, which is aimed at ensuring optimal use of the Group's scientific resources across the countries in which research is based.

DEVELOPMENT PROGRAMMES

EXPLORATORY DEVELOPMENT Seventeen novel compounds are at present in the exploratory phase of development to determine their potential as full development candidates, seven of which have entered this phase during the last year. They include an angiotensin II receptor antagonist for hypertension and congestive heart failure, a neuraminidase inhibitor for influenza, a novel fibrinogen antagonist for the treatment of thrombosis and a multidrug resistance inhibitor for use in conjunction with anticancer therapy. Five compounds have been discarded from the exploratory development programme due to shortcomings in efficacy or toxicity.

FULL DEVELOPMENT Ten full development programmes are in progress and include eight new chemical compounds. GI187084 is a short acting opioid analgesic and has entered Phase II clinical trials. GR114297 is a new long-acting inhaled beta₂-agonist which has entered full development for asthma, and GR92132 has entered the full development programme for the treatment of diabetes mellitus. The anti-AIDS compound 3TC is giving encouraging results in clinical trials and is expected to enter Phase III studies in 1993. Fluparoxan, the selective adrenoceptor antagonist, is now in full development for male sexual dysfunction. Clinical studies of ondansetron have been extended and the compound is now being examined in senile dementia of the Alzheimer type in addition to age-associated memory impairment and anxiety. GR68755, a 5-HT₃ antagonist, is under development for the treatment of schizophrenia. Ranitidine bismuth citrate for use in the treatment of gastric and duodenal ulcers continues to progress according to plan.

RESEARCH AND DEVELOPMENT EXPENDITURE BY COUNTRY £ millions



COLLABORATIVE PROGRAMMES The major developments that have occurred over the last decade in the fields of molecular and cellular biology and biochemistry have increased understanding of the underlying pathological processes of important human diseases. New insights are being obtained which point to novel drug targets for intervention in disease processes. Many of these advances are taking place within academic departments and new business ventures established by academic scientists. It is essential that our drug discovery activities are kept in close contact with these emerging technologies and that we are in a position to seek and progress joint developments expeditiously. Research collaborations with academic groups and the creation of strategic alliances with these young companies therefore form an important element in our development policy.

During the past year we have established new research alliances and active programmes of joint research with Amylin Corporation, in the field of diabetes, and with ICOS, in the fields of cardiovascular and inflammatory diseases. In addition, the collaboration which has been in operation for the last

REVIEW OF ACTIVITIES *Continued*

two years with Gilead Sciences, aimed at discovering methods of controlling disease by regulating genes, has been expanded to cover the whole field of human disease. Alliances with biotechnology companies will remain an important part of the Group's R&D strategy.

ANIMALS AND RESEARCH Our commitment to minimising the use of animals in the development of new medicines is reaffirmed. All essential animal experiments are rigorously monitored and comply with all required statutory and other good-practice procedures. We are actively exploring alternative approaches to drug discovery which do not depend upon animal testing, and are providing grant support over the next three years to the Fund for the Replacement of Animals in Medical Experiments (FRAME). This will allow studies of tissue culture methods to evaluate the metabolism of chemical compounds by the liver and kidney. Glaxo will increase its efforts to utilise methods that are not reliant on the use of living animals wherever it is practical to do so.

Intellectual Property.

The industry welcomed the European Community Regulation which established patent term restoration in the form of Supplementary Protection Certificates. The terms of the Regulation, which comes into force in January 1993, are not all that the industry had hoped for, but the new arrangements will help to compensate for the loss of effective patent life due to the development and regulatory processes.

We support a positive outcome to the Uruguay Round of GATT, which includes an important intellectual property agreement. This would introduce and reinforce patent protection for pharmaceutical products in those signatory countries where such protection is at present inadequate or non-existent. Although there remains scope for substantial improvement to the detailed terms of this agreement (in particular the excessive delay periods before implementation) we hope that the potential gains offered by the GATT intellectual property agreement can be secured.

Improvements of this type are already being advanced in Canada: as a consequence, the industry (including Glaxo) is placing significant new investment in that country.

During the year, a second challenge was made to the validity of the US patent for ZANTAC which has an expiry date of June 2002. We immediately commenced patent infringement proceedings to ensure that our intellectual property rights are respected. An earlier US patent which expires in December 1995 has not been challenged.

A patent action filed by a competitor in the USA last year, alleging that

ZOFRAN infringed the competitor's own patent covering the treatment of emesis with ondansetron, has been stayed pending the outcome of a US Patent Office procedure which will decide whether the competitor is entitled to the patent. A similar conflict has arisen in certain European markets.

Manufacturing Operations: New products provided a valuable test for the Group's resources.

During 1991/92, the rapid rolling programme of new product launches in world markets has placed exceptional demands upon the efficiency and logistical skills of our manufacturing operations. Over 200 new product packs were created and supplied by the Group's secondary manufacturing operations to over 50 different markets, mainly from the Group's strategic sites in Europe.

The strategic implementation of an integrated network of production sites is proceeding well, providing economies of scale while maintaining flexibility to accommodate specific local requirements. These arrangements are expected to be largely in place in Europe during 1994, and in other regions by 1995/96.

Capital expenditure on secondary manufacturing operations was focused particularly on facilities capable of meeting the increasingly stringent requirements of regulatory authorities and on capacity to support the unprecedented flow of new products. Major projects were completed in France and South Africa, and were initiated in Australia, Canada, Germany, Italy, Japan and the UK. Of particular note was the October opening of an aerosol manufacturing facility in Chongqing, China – the first Sino-British pharmaceutical factory. Approval was given for new strategic investments in the UK, France and New Zealand in inhalation technology, relating primarily to programmes for alternatives to chlorofluorocarbon (CFC) propellants.

New product demands also affected primary manufacturing. One new compound, lacidipine, came on-stream in the UK during 1991/92, and support work on a further six new chemical entities was undertaken. Capital expenditure included the opening of new capacity for cefuroxime axetil at Ulverston, and completion of the general purpose plant at Montrose. Good progress was achieved on the new multipurpose plant in Singapore. Some 20% of capital investment was directed towards environmental protection including effluent treatment and solvent recovery programmes.

Capital Expenditure: £566 million in the year.

New capital investment included £237 million on research and development facilities and £199 million on primary and secondary manufacturing operations.

During 1991/92, the majority of Glaxo Holdings staff moved to the

REVIEW OF ACTIVITIES *Continued*

refurbished Glaxo House at Greenford which now provides a major facility for Glaxo Holdings' international headquarters. Proposals for the further development of the Greenford site, with which the Group has been associated for nearly 60 years, are currently at planning permission stage. Glaxo Canada also completed its move to new headquarters near Toronto.

Financial Resources and Exchange.

The capital expenditure during the year was funded from internally generated cash flow. After meeting all cash requirements the Group had a surplus of cash inflows over outflows during the year which contributed an increase in net liquid funds of £120 million. At 30th June 1992 the Group had net liquid funds of £1,332 million. On a narrower definition of liquidity, as reflected in the Consolidated Cash Flow Statement, the Group's balance of cash and cash equivalents reduced by £181 million, reflecting movements from net funds of less than three months maturity into net funds of three months maturity or more. In addition, the balance between investments and borrowings within net liquid funds altered during the year, with dividends received in the UK from overseas subsidiary undertakings contributing to a reduction in investments held overseas and a repayment of borrowings in the UK. Funds to be generated from future operations are expected to be sufficient to satisfy future capital expenditure and other commitments.

The Group uses the average of exchange rates prevailing during the year to translate the results of overseas Group companies into sterling and year-end rates to translate the net assets of those companies. The currency which most influences these translations is the US dollar. The average rates used were 1.76 in the year to 30th June 1992 and 1.86 in the year to 30th June 1991, whereas the year-end rates were 1.90 at 30th June 1992 and 1.62 at 30th June 1991. The results for the year to 30th June 1992 therefore benefit from sterling being, on average, weaker against the US dollar than in the previous year, even though during the course of the year sterling strengthened against the US dollar. Overall, if average exchange rates during the year had been the same as during the previous year, Group sales and trading profit would have been lower by £100 million and £55 million respectively.

Environmental Protection.

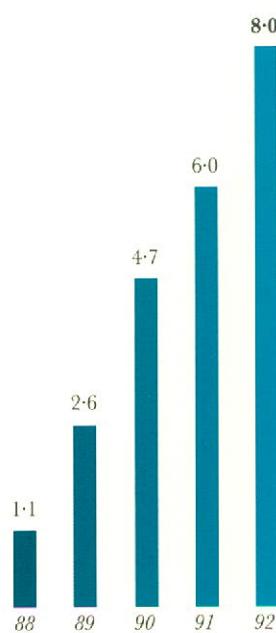
Glaxo's continual commitment to improvement in environmental performance in accordance with Group policy was illustrated by a project which successfully replaced a solvent-based tablet coating process with a water-based equivalent. A case-study of this project was contributed to the book "From Ideas to Action" published by the International Chamber of Commerce to coincide with the United

Nations Conference on Environment and Development ("The Earth Summit") in Rio de Janeiro. Also within the Group environmental policy, all major capital project proposals include an assessment of environmental impact. Glaxo's Group policy was quoted in a survey report from the United Nations Centre on Transnational Corporations as an example of an "action-oriented plan for managing corporate growth in an environmentally safe and sustainable manner".

A key environmental issue for pharmaceutical companies with inhaled medicines business is the replacement of CFCs as propellants. We face this issue in the aerosols used in our asthma therapies. These replacement programmes are scientifically and technically complex, and will be required to meet regulatory standards of safety and efficacy; but they are proceeding well and we will eliminate CFCs from our products as speedily as possible. We are also devoting major research resource to the development of improved dry-powder delivery systems, which do not require the use of propellants.

Serving the Community: A new Glaxo approach to donations in the United Kingdom.

CHARITABLE CONTRIBUTIONS IN THE UK
£ millions



Glaxo's total contributions in support of the community in the UK continue at a very substantial level – £8 million in 1991/92, and our programme of charitable, community and arts support was wide ranging.

During the year the Company made charitable donations amounting to £3.7 million and, together with its UK subsidiary undertakings, made other contributions in support of the community amounting to £4.3 million. The combined total of £8 million was equivalent to 5.2% of that share of Group pre-tax profits proportional to the contribution to Group turnover made in the UK.

This sum included donations under Glaxo's special programme of charitable donations to major healthcare initiatives in the UK, under which £8 million has been contributed over the last three years. During the year the special programme contributed:

- £1,000,000 for a new day hospital for the elderly in Dundee;
- £800,000 to fund a new dermatology outpatients department in Middlesbrough;
- £350,000 to help provide a CT Scanner for the people of South Cumbria; and
- £850,000 to establish the 'Glaxo Renal Unit' at the East Birmingham Hospital.

With the conclusion of the special programme the Board of Glaxo Holdings p.l.c. has reviewed its donations policy. It has agreed that the major priorities within its donation programme in the UK should be projects in support of healthcare provision and of scientific and medical education in the UK.

Glaxo companies around the world also continued to support their local communities. Glaxo Inc. gave US\$12 million during the year to a wide range of causes. Glaxo companies in other countries such as Italy and Singapore also made significant community contributions during the year.

THE BOARD OF GLAXO HOLDINGS p.l.c.

CHAIRMAN



BOARD COMMITTEES

Group Executive Committee

Sir Paul Girolami *Chairman*
Dr. E. Mario
Managing Directors

The Committee has delegated power and authority for the executive management of the Group.

Group Audit Committee

Sir John Cuckney *Chairman*
Non-Executive Directors

The Committee reviews the interim and full year results of the Group.

Senior Emoluments Committee

Mr. J. L. Ferguson *Chairman*
Non-Executive Directors

The Committee determines the remuneration of the Chairman, the Deputy Chairman and the Managing Directors.

Group Appeals Committee

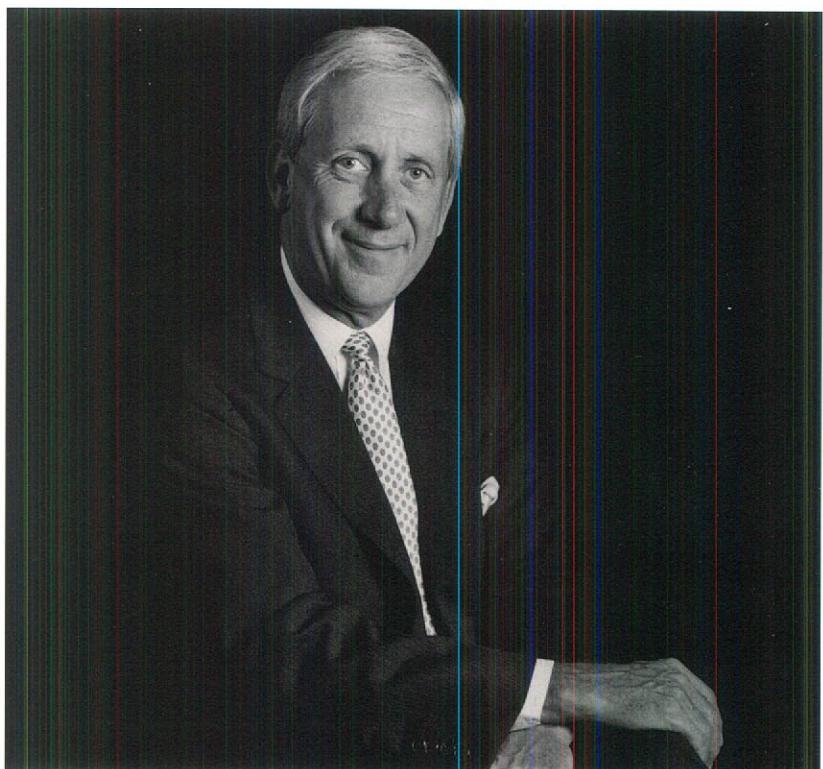
Mr. D. J. Derx *Chairman*
Sir Ralf Dahrendorf
Mr. J. M. Hignett

The Committee carries out the Board's policy on Charitable and Community contributions.

SIR PAUL GIROLAMI (66)

Appointed a Director in 1968, Chief Executive in 1981 and Chairman in 1985.

DEPUTY CHAIRMAN AND CHIEF EXECUTIVE



DR. ERNEST MARIO (54)

Appointed a Director in 1988, Chief Executive in 1989 and Deputy Chairman in 1992.

MANAGING DIRECTORS



MR. JOHN COOMBE (47)
*Appointed a Director in 1992.
Responsible for financial control
of the Group.*



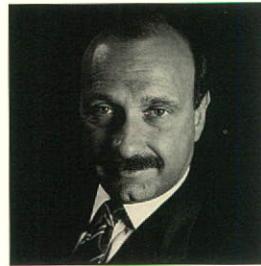
MR. JOHN HIGNETT (58)
*Appointed a Director in 1988.
Responsible for the management
and investment of corporate funds.*



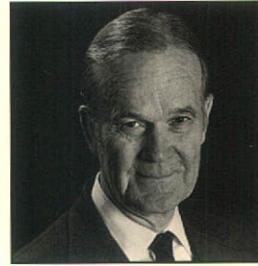
DR. FRANZ HUMER (46)
*Appointed a Director in 1989.
Responsible for commercial and
technical policies, and for Eastern
Europe, Africa and Middle East.*



MR. HIROSHI KONISHI (49)
*Appointed a Director in 1990.
Responsible for Japan.*



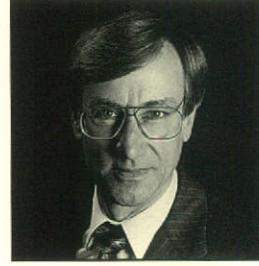
MR. ARTHUR PAPPAS (45)
*Appointed a Director in 1990.
Responsible for Asia Pacific
and Latin America.*



DR. CHARLES SANDERS (60)
*Appointed a Director in 1990.
Responsible for the USA and
Canada.*



MR. JEREMY STRACHAN (47)
*Appointed a Director in 1992.
Responsible for legal and
corporate affairs.*



DR. RICHARD SYKES (50)
*Appointed a Director in 1987.
Responsible for research and
development.*

NON-EXECUTIVE DIRECTORS



MRS. ANNE ARMSTRONG (64)
*Appointed in 1991. A Director
of American Express, Boise
Cascade, General Motors and
Halliburton. Formerly US
Ambassador to the UK.*



SIR JOHN CUCKNEY (67)
*Appointed in 1990. Chairman
of Royal Insurance Holdings plc.*



SIR RALF DAHRENDORF
K.B.E., F.B.A. (63)
*Appointed in 1984. Warden of
St. Antony's College, Oxford.*



MR. DONALD DERX C.B. (64)
*Appointed in 1991. Formerly
the Company's Head of Group
Corporate Affairs.*



MR. JAMES FERGUSON (66)
*Appointed in 1989. Formerly
Chairman and Chief
Executive Officer of General
Foods Corp. in the USA.*



LORD HOWE OF ABERAVON
Q.C., P.C. (65)
*Appointed in 1991. Formerly
Chancellor of the Exchequer
and Secretary of State for Foreign
and Commonwealth Affairs.*



PROFESSOR SIR RICHARD
SOUTHWOOD F.R.S., HON.F.R.C.P. (61)
*Appointed in 1992.
Vice-Chancellor of Oxford University,
and Chairman of the National
Radiological Protection Board.*

REPORT OF THE DIRECTORS

The Chairman's Statement and the Review of Activities form part of this Report and include information on the following matters: Financial Results, Research and Development, Capital Expenditure, Financial Resources and Exchange and Charity and Community Benefit.

ACTIVITIES Glaxo is an international group of companies, which conducts research into and develops, manufactures and markets ethical pharmaceuticals around the world. The principal subsidiary and associated undertakings of the Group are shown on pages 53 and 54.

DIVIDENDS An interim dividend of 6p per Ordinary Share was paid on 1st May 1992. The Directors now recommend the payment on 13th November 1992 of a final dividend of 11p per Ordinary Share to shareholders on the register at the close of business on 25th September 1992. Combined with the interim dividend this makes a total distribution of 17p for 1992 (1991 – 14p) and amounts to £512 million, leaving £521 million to be transferred to reserves. Details of the proposed final dividend payment to holders of American Depository Receipts are set out on page 57.

The Company is offering a scrip dividend alternative in respect of the proposed final dividend and details are set out in a letter to holders of Ordinary Shares to be dated 28th September 1992.

CAPITAL On 30th October 1991 each Ordinary Share of 50p was sub-divided into two Ordinary Shares of 25p each. Details of this and of changes in issued share capital which took place during the year, are set out in Note 18 on page 40.

Since the year end, a total of 375,139 Ordinary Shares have been issued as a result of the exercise of share options granted under the Glaxo Group share option schemes. The Company's Ordinary Shares are listed on The London Stock Exchange, The New York Stock Exchange (in the form of American Depository Shares, evidenced by American Depository Receipts), The Tokyo Stock Exchange and The Paris Bourse.

SUBSTANTIAL SHAREHOLDERS The Company has received notification at 11th September 1992 of two substantial shareholders (holding 3% or more of the issued voting capital of the Company). BNY (Nominees) Ltd owns 748,640,240 Ordinary Shares, representing 24.87%. These shares are held on behalf of holders of American Depository Receipts. Also, Prudential Portfolio Managers Ltd owns 123,122,188 Ordinary Shares, representing 4.09%. These shares are held on behalf of investment clients.

DIRECTORS The Directors shown on pages 20 and 21 served on the Board during the whole of the year under review, with the exception of Mr. Jeremy Strachan, who was appointed on 1st January 1992 and of Mr. John Coombe and Sir Richard Southwood, who were appointed on 1st July 1992. On 1st January 1992, Dr. Ernest Mario was appointed Deputy Chairman, in addition to his role as Chief Executive. In accordance with the Company's Articles of Association, Mr. Coombe, Sir Richard Southwood and Mr. Strachan retire at the Annual General Meeting and, being eligible, offer themselves for re-election. Mr. James Ferguson, Mr. Hiroshi Konishi and Dr. Charles Sanders retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Coombe, Mr. Konishi and Mr. Strachan have service contracts with the Company, each of which is determinable by notice to him of three years. Dr. Sanders has a service contract with Glaxo Inc. which will expire on 28th February 1994. Neither Sir Richard Southwood nor Mr. Ferguson has a service contract with the Company or with any of its subsidiary undertakings.

Sir Ralf Dahrendorf will retire from the Board at the conclusion of the Annual General Meeting. Sir Ronald Arculus retired from the Board on 25th October 1991.

POLITICAL CONTRIBUTIONS The Company contributed £102,000 for political purposes in the UK during the year, comprising £90,000 to the Conservative Central Office and £12,000 to the Centre for Policy Studies.

INSURANCE FOR DIRECTORS AND OFFICERS Insurance policies are maintained by the Company for Directors and Officers providing an indemnity against liabilities arising from negligence, default or breach of trust of which they may be guilty in relation to the Company.

DIRECTORS' INTERESTS Save as disclosed, no arrangements to which the Company was a party subsisted at the end of the year, or at any time during the year, which would enable the Directors or their families to acquire benefits by means of the acquisition of shares in or debentures of the Company or any of its subsidiary undertakings. No Director had a material interest in any contract of significance subsisting at the end of or during the year involving the Company's business.

The Directors who held office on 30th June 1992 have notified the Company that they and their immediate families were beneficially interested in the shares and options of the Company at that date, as shown in the table below. Save as disclosed, there has been no change in the interests set out below between the end of the financial year and 16th September 1992, the date of this report.

DIRECTORS' INTERESTS	Ordinary Shares		Share Options			1st July 1991*
	30th June 1992	1st July 1991*	30th June 1992	Granted	Exercised	
Sir Paul Girolami ⁽¹⁾	396,304	60,304	734,528	280,248	706,920	1,161,200
Dr E Mario	365,150	77,702	671,156	160,036	286,340	797,460
Mrs A A L Armstrong ⁽³⁾	4,000	4,000	—	—	—	—
Sir John Cuckney	6,172	6,172	—	—	—	—
Sir Ralf Dahrendorf	1,692	1,658	—	—	—	—
Mr D J Derx	35,544	832	—	—	61,200	61,200
Mr J L Ferguson ⁽³⁾	12,000	12,000	—	—	—	—
Mr J M Hignett ⁽⁵⁾	220,974	50,080	212,221	139,109	355,860	428,972
Lord Howe	1,000	—	—	—	—	—
Dr F B Humer	6,880	6,880	361,418	41,786	—	319,632
Mr H Konishi ⁽²⁾	60,000	60,000	334,808	24,108	—	310,700
Mr A M Pappas ⁽⁴⁾	28,400	1,200	298,600	28,600	60,000	330,000
Dr C A Sanders ⁽³⁾	12,000	12,000	459,200	40,200	—	419,000
Mr J A W Strachan	1,250	—	198,026	—	—	198,026
Dr R B Sykes	8,725	6,000	440,800	63,016	—	377,784

* Or date of appointment if later.

Interests at 1st July 1991 have been restated to reflect the sub-division of shares in October 1991.

Notes:

(1) Sir Paul Girolami's interest includes 400 Ordinary Shares, represented by American Depository Shares, evidenced by American Depository Receipts, and a non-beneficial interest in 38,400 Ordinary Shares.

(2) Throughout the year Mr Konishi was indirectly interested in approximately 17% of the shares in Nippon Glaxo Ltd.

(3) The interests of Mrs. Armstrong, Mr. Ferguson and Dr. Sanders are represented by American Depository Shares, evidenced by American Depository Receipts.

(4) The interest of Mr. Pappas includes 1,200 Ordinary Shares which are represented by American Depository Shares, evidenced by American Depository Receipts.

(5) Mr. Hignett has a residual interest in a Trust which holds 16,971 Ordinary Shares and since the year end he has also acquired a further 15,301 Ordinary Shares. Mr. Hignett also has a non-beneficial interest in 15,843 Ordinary Shares of the Company.

At the date of his appointment, Mr. Coombe held 2,409 Ordinary Shares and options to subscribe for 79,442 Ordinary Shares of the Company.

Sir Richard Southwood held no shares or options to subscribe for shares of the Company.

REPORT OF THE DIRECTORS *Continued*

STAFF The Group and its associated undertakings employ approximately 45,000 people world-wide, with around 12,000 in the UK. Personnel and human resource policies and programmes are drawn up at operating company level in the context of local needs and requirements. These policies and programmes take their direction from a broad framework of corporate values that encourages employees to become involved in their companies and which seek to reward and develop all staff according to their contribution and capability. Employee communications is a high priority. Company newspapers and journals, the annual "Report to Staff" in booklet and video form in nine languages, and on-site video presentations represent some of the methods used to impart information to staff. Employment policy does not discriminate between employees or potential employees on the grounds of colour, race, ethnic and national origin, sex, marital status or religious beliefs. In the UK, for example, the Company is committed to the Opportunity 2000 campaign which seeks to remove traditional barriers to women's progress in the business environment. The Company gives full consideration to applications for employment from disabled people who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment and, as a result, is unable to perform his or her normal duties, every effort is made to offer suitable alternative employment and assistance with retraining.

The Glaxo Group Share Option Schemes enable employees to share in the growth of the Group. Under these schemes, there were options outstanding over 77,394,999 Ordinary Shares issuable to Directors and staff at 30th June 1992.

AUDITOR Resolutions to re-appoint as auditor Coopers & Lybrand and to authorise the Directors to fix the remuneration of the auditor will be proposed at the Annual General Meeting. Until 1st June 1992 Coopers & Lybrand practised in the name of Coopers & Lybrand Deloitte.

ANNUAL GENERAL MEETING The Company's Annual General Meeting will be held at The Whitbread Conference & Banqueting Centre, Chiswell Street, London, on Friday 16th October 1992 at 11.30 a.m. Notice of the Meeting will be set out in a letter to shareholders to be dated 23rd September 1992, and apart from routine items of business the following items of special business will be undertaken:

- (i) renewal of authorities empowering the Company to allot shares, to purchase its shares, to disapply statutory pre-emption rights and to offer a scrip dividend alternative;
- (ii) increase of the Company's authorised share capital from £800 million to £1,000 million; and
- (iii) authority to enter the Company's Ordinary Shares into The London Stock Exchange's TAURUS system.

By Order of the Board

N. G. U. Morris
Secretary
Lansdowne House, Berkeley Square,
London W1X 6BP
16th September 1992

GLAXO HOLDINGS p.l.c.

Annual Accounts for the year ended 30th June 1992

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30th June

	Notes	1992 £m	1991 £m
TURNOVER	3	4,096	3,397
Operating costs less other income	4	2,809	2,293
TRADING PROFIT		1,287	1,104
Investment income less interest payable	6	140	179
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,427	1,283
Taxation	7	386	359
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,041	924
Minority interests	8		12
PROFIT BEFORE EXTRAORDINARY ITEMS	9	1,033	912
Extraordinary items	8	—	31
PROFIT FOR THE FINANCIAL YEAR		1,033	881
Dividends	10	512	420
RETAINED PROFIT	19	521	461
 EARNINGS PER SHARE	9	34.3p	30.4p
 DIVIDENDS PER SHARE	10	17.0p	14.0p
Number of shares in issue (millions)	9	3,010	2,999

CONSOLIDATED BALANCE SHEET

<i>At 30th June</i>	<i>Notes</i>	1992	1991
		£m	£m
FIXED ASSETS			
Tangible assets	11	2,341	2,081
Investments	12	32	28
		2,373	2,109
CURRENT ASSETS			
Stocks	13	475	494
Debtors	14	1,085	1,012
Investments	15/23	1,725	2,095
Cash at bank	23	24	34
		3,309	3,635
CREDITORS:			
Amounts falling due within one year	16	1,568	2,027
NET CURRENT ASSETS		1,741	1,608
TOTAL ASSETS LESS CURRENT LIABILITIES		4,114	3,717
CREDITORS:			
Amounts falling due after more than one year	16	177	168
PROVISIONS FOR LIABILITIES AND CHARGES	17	298	267
NET ASSETS	3	3,639	3,282
CAPITAL AND RESERVES			
Called up share capital	18	753	750
Share premium account	19	77	39
Other reserves	19	2,742	2,419
		3,572	3,208
MINORITY INTERESTS		67	74
CAPITAL EMPLOYED		3,639	3,282

SIR PAUL GIROLAMI
Chairman

Approved by the Board
16th September 1992

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June

	Notes	1992 £m	1991 £m
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	1,409	1,139
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		193	255
Interest paid		(74)	(67)
Losses on investment activities		(1)	(20)
Dividends received from associated undertakings		—	1
Dividends paid to ordinary shareholders		(458)	(339)
Dividends paid to minority shareholders		(10)	(14)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(350)	(184)
TAXATION			
Taxation paid on ordinary activities		(356)	(360)
Taxation paid classified as an extraordinary item		(47)	—
TOTAL TAXATION PAID		(403)	(360)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(593)	(586)
Sale of tangible fixed assets		10	28
Purchase of fixed asset investments		(6)	(10)
Purchase of goodwill		(1)	(20)
Net cash outflow on fixed assets		(590)	(588)
Purchase of non-cash equivalent current asset investments		(6,838)	(3,375)
Sale or maturity of non-cash equivalent current asset investments		7,057	3,132
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(371)	(831)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		285	(236)
FINANCING			
Issue of ordinary share capital		24	20
New short term loans		1,071	2,225
Repayment of short term loans		(1,561)	(1,859)
Issue of convertible bonds		—	87
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	25	(466)	473
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	26/27	(181)	237
INCREASE IN NET LIQUID FUNDS	23/27	120	85

The reconciliation between the movement in cash and cash equivalents and the movement in net liquid funds is set out in note 27.

COMPANY BALANCE SHEET

<i>At 30th June</i>	<i>Notes</i>	1992 £m	1991 £m
FIXED ASSETS			
Tangible assets	11	39	41
Shares in Glaxo Group Ltd – at cost		742	742
		781	783
CURRENT ASSETS			
Debtors	14	856	1,179
Cash at bank		35	26
		891	1,205
CREDITORS:			
Amounts falling due within one year	16	469	926
NET CURRENT ASSETS			
		422	279
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,203	1,062
CREDITORS:			
Amounts falling due after more than one year	16	82	90
PROVISIONS FOR LIABILITIES AND CHARGES			
	17	7	10
NET ASSETS			
		1,114	962
CAPITAL AND RESERVES			
Called up share capital	18	753	750
Share premium account	19	77	39
Other reserves	19	284	173
CAPITAL EMPLOYED			
		1,114	962

SIR PAUL GIROLAMI
Chairman

Approved by the Board
16th September 1992

NOTES ON THE ACCOUNTS

1. BASIS OF CONSOLIDATED ACCOUNTS

- a) The accounts have been prepared using the historical cost convention and comply with all applicable UK accounting standards.
- b) The accounts incorporate the audited assets and liabilities and results of subsidiary undertakings and the Group's share of associated undertakings for the year. Trading results relating to periods before the undertakings became, or after they ceased to be, subsidiary or associated undertakings are excluded from the consolidated profit and loss account. Transactions and balances between subsidiary undertakings have been eliminated; no profit is taken on sales between subsidiary undertakings or sales to associated undertakings until the products are sold to customers outside the Group. A list of subsidiary and associated undertakings which, in the opinion of the Directors, principally affected the amount of the profit or the net assets of the Group is shown on pages 53 and 54.

2. ACCOUNTING POLICIES AND DEFINITIONS

Foreign currencies: Foreign currency assets and liabilities, including those of overseas subsidiary and associated undertakings, are translated into sterling at rates of exchange ruling at the balance sheet date. The results of overseas subsidiary and associated undertakings are translated into sterling using average rates of exchange. Exchange adjustments arising when the opening net assets and the profits for the year retained by overseas subsidiary and associated undertakings are translated into sterling, less exchange differences arising on related foreign currency borrowings, are taken directly to reserves. All other exchange differences are included in the profit and loss account.

Turnover: Turnover represents goods invoiced during the year to external customers and associated undertakings, excluding value added tax and other sales taxes, less trade discounts and rebates.

Research and development: Research and development expenditure, other than on fixed assets, is treated as a charge against revenue in the year in which it is incurred.

Pension costs: The Group makes contributions to various pension plans which cover the majority of the employees and which are charged against revenue on a systematic and rational basis over the period during which benefit is derived from the employees' services.

Goodwill: Goodwill, being the excess of the purchase consideration of shares in subsidiary and associated undertakings over the Group's share of the net tangible assets acquired, is written off against consolidated reserves in the year of acquisition.

Tangible fixed assets: Tangible fixed assets are carried at cost less depreciation. Upon disposal of a tangible fixed asset the cost and related accumulated depreciation are removed from the accounts and the net amount, less any proceeds, is charged or credited to the profit and loss account. Depreciation is calculated to write off the cost of tangible fixed assets, excluding freehold land, in equal annual instalments over their expected useful lives. The normal expected useful lives of the major categories of tangible fixed assets are:

Freehold buildings	25 to 50 years
Leasehold land and buildings	The shorter of the term of the lease and 50 years
Plant and machinery	10 to 20 years
Fixtures and equipment	4 to 10 years

Fixed asset investments: Investments in associated undertakings are carried in the consolidated balance sheet at the Group's share of their net tangible assets at dates of acquisition and their post-acquisition retained profits. Other fixed asset investments are carried at cost.

Stocks: Stocks are included in the accounts at the lower of cost (including manufacturing overheads, where appropriate) and net realisable value.

2. ACCOUNTING POLICIES AND DEFINITIONS *Continued*

Current asset investments: Current asset investments are included in the accounts by category of investment at the lower of cost, excluding accrued interest in the purchase price, and their aggregate market value, except for certain floating rate bonds which are included at cost. In the case of zero coupon securities, cost is adjusted for discount accrued to the balance sheet date. Interest income is taken to the profit and loss account on a receivable basis and includes the interest element of related foreign currency transactions. Any appreciation in the capital value of investments on redemption or sale and gains/(losses) on closure of foreign currency transactions undertaken in the management of investments are taken to the profit and loss account as realised gains/(losses).

Cash and cash equivalents: Cash and cash equivalents for the purpose of the consolidated cash flow statement comprise cash at bank, current asset investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired; less bank loans and overdrafts repayable within three months from the date of the advance.

Deferred taxation: Deferred taxation is calculated using the liability method. Taxation deferred or accelerated by reason of material timing differences is accounted for to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that it is expected to be recovered.

3. SEGMENT INFORMATION

The Group operates in a single business segment. The geographical segments of turnover, trading profit and net operating assets are as follows:

	Europe		North America		Rest of World		Total	
	1992 £m	1991 £m	1992 £m	1991 £m	1992 £m	1991 £m	1992 £m	1991 £m
Turnover by location of customer:								
External turnover	1,724	1,481	1,715	1,359	657	557	4,096	3,397
Turnover by location of subsidiary:								
Total turnover	2,438	2,041	1,716	1,358	979	836	5,133	4,235
Less inter-segment turnover	648	505	5	3	384	330	1,037	838
External turnover	1,790	1,536	1,711	1,355	595	506	4,096	3,397
Profit:								
Trading profit	392	430	483	367	412	307	1,287	1,104
Net investment income							140	179
Profit before taxation							1,427	1,283
Net assets:								
Net operating assets	1,532	1,284	499	513	276	273	2,307	2,070
Net liquid funds							1,332	1,212
Net assets							3,639	3,282

The geographical segments of trading profit and net operating assets are given by location of subsidiary. Further analysis of turnover is given on pages 8 and 9.

NOTES ON THE ACCOUNTS *Continued*

4. OPERATING COSTS LESS OTHER INCOME

	1992 £m	1991 £m
Raw materials, consumables and goods for resale	303	269
Staff costs	944	811
Depreciation	191	151
Other operating charges	1,414	1,167
Change in stocks of finished goods and work in progress	(21)	(74)
	2,831	2,324
Deduct:		
Own work capitalised	9	9
Other operating income	11	19
Share of profits of associated undertakings	2	3
	22	31
	2,809	2,293
Operating costs include:		
Research and development expenditure	595	475
Hire of plant and machinery	22	18
Other operating lease rentals	20	19
Auditors' remuneration (Holding company £197,500; 1991 – £166,000)	1.8	1.6

5. REMUNERATION OF DIRECTORS AND EMPLOYEES

	1992 £000	1991 £000
a) Remuneration of Directors of the Company for services to the Company and its subsidiary and associated undertakings:		
Fees	150	118
Performance-related payments	718	665
Other emoluments	4,573	4,402
Pension scheme contributions	1,628	1,441
Payment to former Director	123	16
Pension to former Director	8	8

Directors participate in a long term performance-related incentive plan based on growth in earnings per share above a minimum level over a four year period. The first payments earned under this plan will be made in the year ending 30th June 1993 relating to the completion on 30th June 1992 of the first four year period. Until the first payments are made, Directors may receive under an associated interim performance-related scheme, annual bonuses based on the rate of increase in profit on ordinary activities before taxation.

Amounts payable under the long term performance-related incentive plan are provided in the accounts on an annual basis, and will be shown as Directors' remuneration when paid. The provision in the profit and loss account for the year ended 30th June 1992 was £751,490 (1991 – £1,420,105), of which £250,550 (1991 – £284,125) relates to the Chairman.

5. REMUNERATION OF DIRECTORS AND EMPLOYEES *Continued*

b) Emoluments, excluding pension scheme contributions, of:

i) The Chairman, £1,185,727 (1991 – £1,068,275), including a performance-related payment of £192,200 (1991 – £134,865).

ii) Directors of the Company, including the Chairman and overseas Directors and any payments under the performance-related bonus scheme:

Exceeding £000	Not exceeding £000	1992 Number	1991 Number	Exceeding £000	Not exceeding £000	1992 Number	1991 Number
10	15	–	3	435	440	1	–
25	30	5	3	450	455	1	–
30	35	–	1	470	475	1	–
40	45	1	–	480	485	–	1
60	65	–	1	485	490	–	1
70	75	1	–	535	540	1	1
165	170	1	–	555	560	1	–
335	340	–	1	870	875	–	1
360	365	–	1	970	975	1	–
395	400	–	1	1,065	1,070	–	1
405	410	1	–	1,185	1,190	1	–
425	430	–	1				

c) Provision is made in the accounts for unfunded pensions that are payable to Directors in their retirement. The accumulated provision at 30th June 1992 is £1,668,303 (1991 – £1,686,785). Payments are disclosed as pensions paid to former Directors when they are made.

d) Staff costs

	1992 Number	1991 Number
The average number of persons employed by the Group (including Directors) during the year was:		
UK	11,968	12,422
Overseas	25,115	23,218
	37,083	35,640

The aggregate employment costs of these persons amounted to:

	1992 £m	1991 £m
Wages and salaries	766	656
Social security costs	101	82
Other pension costs	77	73
	944	811

NOTES ON THE ACCOUNTS *Continued*

5. REMUNERATION OF DIRECTORS AND EMPLOYEES *Continued*

e) Pension costs

The Group makes contributions to and provision for various company pension schemes as shown below.

	1992 £m	1991 £m
UK funded defined benefit schemes	42	41
UK funded defined contribution schemes	3	3
UK unfunded defined benefit scheme	1	1
Overseas schemes	31	28
	77	73

In the UK, contributions are made to funded defined benefit schemes and to funded defined contribution schemes. The funds of these schemes are administered by Trustees and are kept separate from those of the Group. Independent actuaries prepare valuations of the UK defined benefit schemes at least every three years and, in accordance with their recommendations, annual contributions are paid to the schemes so as to secure the benefits set out in the rules. In addition, a UK unfunded defined benefit scheme is administered by a trustee company and the pension cost and provision are assessed in accordance with the advice of independent actuaries. The Group has provided an indemnity to the Trustees of the UK funded defined benefit schemes, undertaking to re-imburse the schemes for any assets misappropriated.

At 31st March 1992, the date of the latest actuarial valuations, the market value of the assets of the UK funded defined benefit schemes was £626m. The actuarial value of those assets represented 97 per cent of the actuarial value of all benefits accrued to members at that date after allowing for future salary and pension increases. The shortfall is being funded by an increase in the level of employer contributions over seven years from 1st April 1992. The actuarial valuations used the projected unit method and assumed an investment return of 9 per cent per annum, annual increases in pensions of 5½ per cent and salaries of 7 per cent (plus an allowance for promotion), and dividend growth of 3½ per cent per annum.

The charge against profits in respect of the UK unfunded defined benefit scheme is the aggregate of the amounts paid and the increase in the year of the scheme's assessed liabilities, which assessment is made annually in accordance with the advice of independent actuaries, based principally on rates of increase in salary and the individual benefits applicable to each member of the scheme.

Overseas pensions costs relate to both defined benefit and defined contribution schemes. These schemes vary according to local requirements but are generally provided by contributions to Government, insured or self-administered schemes. They are, in the main, fully funded by the current level of contributions.

6. INVESTMENT INCOME LESS INTEREST PAYABLE

	1992 £m	1991 £m
Investment income:		
Interest income	180	242
Realised gains	21	12
Market value provision adjustments	2	-
	203	254
Interest payable:		
Bank loans and overdrafts repayable within five years	36	44
Other loans repayable within five years	20	29
Other loans repayable wholly or partly in more than five years	7	2
	63	75
	140	179

Included above are interest income of £3m (1991 – £1m) and realised gains of £nil (1991 – £1m) relating to investments listed on The London Stock Exchange.

7. TAXATION

	1992 £m	1991 £m
On profits for the year:		
UK corporation tax at 33 per cent (1991 – 33.75 per cent)	369	136
Less double taxation relief	222	12
	147	124
Overseas taxation	185	179
Deferred taxation	54	56
	386	359
Attributable to:		
Holding company and subsidiary undertakings	385	358
Associated undertakings	1	1

The increased UK corporation tax of £369m and double taxation relief of £222m reflect a substantial increase in dividends received from overseas subsidiary undertakings during the year.

The taxation charge for the year has been reduced by £103m (1991 – £103m) as a result of taxation exemption in Singapore and by £52m (1991 – £32m) because of accelerated capital allowances for which no deferred taxation has been provided. No deferred taxation has been provided in respect of inter-company profit eliminated on consolidation; if it had been provided the taxation charge would have been reduced by £32m (1991 – increased by £4m).

The Singapore taxation exemption expired on 30th June 1992, after which date profits will be taxed at a reduced rate until 30th June 1997.

8. EXTRAORDINARY ITEMS

There were no extraordinary items in the year ended 30th June 1992. In the year ended 30th June 1991, the extraordinary items of £31m related to the cost of withdrawal from bulk and related pharmaceutical activities of £16m less taxation relief thereon of £5m, and to a taxation charge in Nippon Glaxo Ltd of £40m less the portion attributable to minority interests of £20m.

9. EARNINGS PER SHARE

The earnings per share of 34.3p (1991 – 30.4p) has been calculated by dividing the profit before extraordinary items of £1,033m (1991 – £912m) by 3,010,246,999, the number of shares in issue at 30th June 1992 (1991 – 2,999,203,504). The earnings per share is not materially different when calculated on a fully diluted basis.

The corresponding figures for earnings per share and number of shares in issue have been adjusted to reflect the sub-division on 30th October 1991 of each Ordinary Share of 50p nominal value into two Ordinary Shares, each of 25p nominal value.

10. DIVIDENDS

	1992 £m	1991 £m
Interim – paid 1st May 1992 6.0p per share (1991 – 4.25p)	181	128
Final – proposed 11.0p per share (1991 – 9.75p)	331	292
	512	420

The corresponding figures for dividends per share have been adjusted to reflect the sub-division on 30th October 1991 of each Ordinary Share of 50p nominal value into two Ordinary Shares, each of 25p nominal value.

NOTES ON THE ACCOUNTS *Continued*

11. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £m	<i>Plant and machinery</i> £m	<i>Fixtures and equipment</i> £m	<i>Assets in construction</i> £m	<i>Total</i> £m
a) Group					
Cost at 1st July 1991	887	782	524	528	2,721
Exchange adjustments	(49)	(18)	(30)	(32)	(129)
Additions	57	39	104	366	566
Disposals	(6)	(14)	(47)	–	(67)
Reclassifications	200	118	91	(409)	–
Cost at 30th June 1992	1,089	907	642	453	3,091
Depreciation at 1st July 1991	105	336	199	–	640
Exchange adjustments	(6)	(9)	(15)	–	(30)
Provision for the year	35	68	88	–	191
Disposals	(2)	(18)	(31)	–	(51)
Depreciation at 30th June 1992	132	377	241	–	750
Net book value at 1st July 1991	782	446	325	528	2,081
Net book value at 30th June 1992	957	530	401	453	2,341

The net book value of the Group's land and buildings comprises freehold properties £799m (1991 – £625m), properties with leases of fifty years or more £129m (1991 – £131m) and properties with leases of less than fifty years £29m (1991 – £26m).

	<i>Short term leasehold</i> £m	<i>Fixtures and equipment</i> £m	<i>Total</i> £m
b) Holding company			
Cost at 1st July 1991	7	42	49
Additions	–	14	14
Disposals	–	(1)	(1)
Transfers	–	(12)	(12)
Cost at 30th June 1992	7	43	50
Depreciation at 1st July 1991	1	7	8
Provision for the year	–	5	5
Disposals	–	(1)	(1)
Transfers	–	(1)	(1)
Depreciation at 30th June 1992	1	10	11
Net book value at 1st July 1991	6	35	41
Net book value at 30th June 1992	6	33	39

12. FIXED ASSET INVESTMENTS

	<i>Associated undertakings</i> £m	<i>Other investments</i> £m	<i>Total</i> £m
At 1st July 1991			
Exchange adjustments *	(6)	(2)	(8)
Additions	–	11	11
Retained profit for the year	1	–	1
At 30th June 1992	12	20	32

The principal associated undertakings are listed on page 54. The results of Glaxo India Ltd have been included for the twelve months to 31st March 1992.

13. STOCKS

	1992 £m	1991 £m
Stocks comprise:		
Raw materials and consumables	89	88
Work in progress	270	251
Finished goods	116	155
	475	494

14. DEBTORS

	<i>Group</i>		<i>Holding company</i>	
	1992 £m	1991 £m	1992 £m	1991 £m
Amounts falling due within one year:				
Trade debtors	720	655	-	-
Amounts owed by subsidiary undertakings	-	-	279	713
Dividend proposed by Glaxo Group Ltd	-	-	450	350
Other debtors	112	112	10	12
Prepaid pension contributions	33	34	4	5
Other prepayments and accrued income	66	77	3	2
	931	878	746	1,082
Amounts falling due after more than one year:				
Other debtors	44	37	-	-
Advance corporation tax recoverable	110	97	110	97
	154	134	110	97
	1,085	1,012	856	1,179

Trade debtors include £1m (1991 – £1m) due from associated undertakings.

15. CURRENT ASSET INVESTMENTS

	1992 £m	1991 £m
Government and equivalent investments	591	675
Other investments	1,076	1,293
Deposits at banks	58	127
	1,725	2,095

Of the above, £nil (1991 – £58m) are listed on The London Stock Exchange.

The market value of government and equivalent investments amounts to £590m (1991 – £677m), and of other investments amounts to £1,077m (1991 – £1,293m).

NOTES ON THE ACCOUNTS *Continued*

16. CREDITORS

	<i>Group</i>		<i>Holding company</i>	
	<i>1992</i> £m	<i>1991</i> £m	<i>1992</i> £m	<i>1991</i> £m
a) Amounts falling due within one year:				
Loans and overdrafts:				
Bank loans and overdrafts	346	353	—	—
Other loans	20	518	19	517
	366	871	19	517
Other:				
Trade creditors	162	146	—	—
Taxation	265	294	109	101
Social security	11	10	—	—
Other creditors	169	182	2	1
Accruals and deferred income	264	232	8	15
Dividend proposed	331	292	331	292
	1,202	1,156	450	409
	1,568	2,027	469	926
b) Amounts falling due after more than one year:				
Loans and overdrafts:				
Debenture loans:				
6½ per cent Unsecured loan stock 1985/95	2	2	—	—
7½ per cent Unsecured loan stock 1985/95	2	2	—	—
Convertible bonds	82	90	82	90
Bank loans and overdrafts	39	32	—	—
Other loans	12	14	—	—
	137	140	82	90
Other:				
Taxation	11	20	—	—
Other creditors and accruals	29	8	—	—
	40	28	—	—
	177	168	82	90

The 6½ per cent and 7½ per cent Unsecured loan stocks are repayable at par at the option of Glaxo Group Ltd at any time until 1st October 1995 and 1st November 1995 respectively, when they will be repaid at par.

The convertible bonds comprise Japanese Yen Convertible Bonds which carry interest of 4.3% per annum and mature on 28th September 1998. They are convertible into a maximum of 12,830,490 Ordinary Shares at a price of £6.49 on or before 22nd September 1998. The bonds were shown as part of capital employed in the accounts for the year ended 30th June 1991, but to accord with current accounting practice have subsequently been re-categorised into creditors.

16. CREDITORS *Continued*

Loans other than debenture loans and convertible bonds are repayable as follows:

	<i>Bank loans and overdrafts</i>		<i>Other loans</i>	
	<i>1992</i> £m	<i>1991</i> £m	<i>1992</i> £m	<i>1991</i> £m
In one year or less, or on demand	346	353	20	518
Between one and two years	4	5	—	1
Between two and five years	9	10	1	1
In five years or more	26	17	11	12
	385	385	32	532

Bank and other loans, included in creditors falling due after more than one year, amounting to £48m (1991 – £38m) are repayable in instalments over various periods between 1993 and 2011 and bear interest at rates between 5 per cent and 14 per cent per annum. The instalments due in more than five years total £37m (1991 – £29m).

Bank and other loans amounting to £114m (1991 – £26m) are secured by charges on fixed and current assets.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Pensions and similar obligations</i> £m	<i>Deferred taxation</i> £m	<i>Other provisions</i> £m	<i>Total</i> £m
a) Group				
At 1st July 1991	56	141	70	267
Exchange adjustments	(3)	—	(3)	(6)
Applied	(7)	(16)	(7)	(30)
Charge/(credit) for the year	16	54	(3)	67
At 30th June 1992	62	179	57	298
b) Holding company				
At 1st July 1991	1	—	9	10
Credit for the year	—	—	(3)	(3)
At 30th June 1992	1	—	6	7

c) Other provisions shown above are principally in respect of taxation, legal claims and the Directors' long term performance-related incentive plan.

d) The deferred taxation provision at 30th June 1992, included above, is in respect of:

	<i>1992</i> £m	<i>1991</i> £m
Unremitted foreign investment income	131	122
Accelerated capital allowances	14	10
Stock valuation adjustment	11	9
Other timing differences	23	—
	179	141

NOTES ON THE ACCOUNTS *Continued*

17. PROVISIONS FOR LIABILITIES AND CHARGES *Continued*

e) The full potential liability for deferred taxation is in respect of:

	1992 £m	1991 £m
Accelerated capital allowances	278	222
Unremitted foreign investment income	131	122
Stock valuation adjustment	11	9
Inter-company profit	(77)	(45)
Advance corporation tax recoverable	(110)	(97)
Other timing differences	22	2
	255	213

18. SHARE CAPITAL

a) The movement during the year in the authorised and issued and fully paid share capital of Glaxo Holdings p.l.c. was as follows:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Number</i>	<i>£m</i>	<i>Number</i>	<i>£m</i>
At 1st July 1991	1,600,000,000	800	1,499,601,752	750
50p Ordinary Shares issued:				
On exercise of options	-	-	1,408,450	1
On conversion of bonds	-	-	976	-
	1,600,000,000	800	1,501,011,178	751
Sub-division of Ordinary Shares (see below)	1,600,000,000	-	1,501,011,178	-
25p Ordinary Shares issued:				
On exercise of options	-	-	5,951,100	1
On conversion of bonds	-	-	203,357	-
In lieu of dividends	-	-	2,070,186	1
At 30th June 1992	3,200,000,000	800	3,010,246,999	753

On 30th October 1991, each Ordinary Share of 50p nominal value was sub-divided into two Ordinary Shares, each of 25p nominal value.

The Ordinary Shares issued during the year resulting from the exercise of options under the Glaxo Group Share Option Schemes were issued for an aggregate consideration of £24,302,295.

On 21st November 1991, 1,516,492 Ordinary Shares of 25p each were issued fully paid at a price of £6.75 to shareholders who elected to take shares in lieu of cash in respect of the final dividend for the year ended 30th June 1991. On 1st May 1992, 553,694 Ordinary Shares of 25p were issued fully paid at a price of £7.91 to shareholders who elected to take shares in lieu of cash in respect of the interim dividend for the year ended 30th June 1992.

b) Details of outstanding share options.

There were outstanding at 30th June 1992 options granted to Directors and employees within the Group under the Glaxo Group Share Option Scheme and the Glaxo Group Share Option Scheme for Employees of Overseas and Associated Companies to subscribe for Ordinary Shares to the aggregate nominal value of £16,252,399 at prices between £2.07 and £8.13. The weighted average subscription price is £4.63. These options are normally capable of being exercised over varying periods up to 25th February 2002.

There were also outstanding at 30th June 1992 options granted to Directors and employees within the Group under the Glaxo Group Savings Related Share Option Scheme to subscribe for Ordinary Shares to the aggregate nominal value of £3,096,350 at prices of £3.89 and £5.54. These options are normally capable of being exercised over varying periods up to 30th November 1996.

19. RESERVES

	Share premium account £m	Other reserves			Total £m
		Holding company £m	Subsidiary undertakings £m	Associated undertakings £m	
At 1st July 1991	39	173	2,250	(4)	2,419
Exchange adjustments relating to net assets of subsidiary and associated undertakings:					
Tangible fixed assets	–	(94)	–	(94)	
Stocks	–	(47)	–	(47)	
Net liquid funds	–	(25)	–	(25)	
Other assets and liabilities	–	(4)	(5)	(9)	
Exchange adjustments relating to retained profits of subsidiary and associated undertakings					
	–	(21)	(1)	(22)	
Premium on shares issued:					
Under share option schemes	22				
In lieu of dividends	14				
On conversion of bonds	2				
Goodwill acquired during the year	–	(1)	–	(1)	
Retained profit for the year	111	409	1	521	
At 30th June 1992	77	284	2,467	(9)	2,742

Exchange gains of £20m on foreign currency borrowings have been offset against exchange losses on the related net assets of overseas subsidiary undertakings (1991 – exchange losses £65m).

Goodwill written off against reserves amounts cumulatively to £78m (1991 – £77m).

As permitted by section 230 of the Companies Act 1985, the Company has not presented its profit and loss account. The profit for the financial year dealt with in the accounts of the Company amounts to £623m (1991 – £464m).

20. CONTINGENT LIABILITIES

	1992 £m	1991 £m
a) Group		
Borrowings guaranteed	5	6
Other	37	30
b) Holding company		
Borrowings guaranteed of subsidiary and associated undertakings	9	13

Unquantified claims have been made against Group undertakings relating to product liability and intellectual property rights. In the opinion of the Directors the amounts provided in these accounts against such claims are adequate.

Although the taxation liabilities of certain UK and overseas subsidiary undertakings have not been finally agreed with the appropriate revenue authorities for a number of years, the Directors consider that the amounts provided in these accounts are adequate to meet any uncertainties.

No provision has been made for taxation which would arise on the distribution of profits retained by overseas subsidiary and associated undertakings, save as shown in these accounts.

NOTES ON THE ACCOUNTS *Continued*

21. COMMITMENTS

	1992 £m	1991 £m
a) Capital		
i) Contracted for but not provided in the accounts:		
Group	267	154
Holding company	3	16
ii) Authorised by the Directors but not contracted for:		
Group	640	364
Holding company	7	11

b) Other

The commitments of the Group under operating leases to pay rentals for the next year are as follows:

	<i>Land and buildings</i>		<i>Plant and equipment</i>	
	1992 £m	1991 £m	1992 £m	1991 £m
Operating leases which expire:				
In one year or less	2	2	6	6
Between one and five years	5	5	13	12
In five years or more	10	12	-	1
	17	19	19	19

22. OTHER STATUTORY INFORMATION

Included in debtors is a housing loan of £275,000 to a Director, Dr. F. B. Humer. The loan, made prior to his appointment to the Board, was outstanding throughout the year. On redemption of the loan Dr. Humer will pay an amount of interest based on any increase in the value of the property.

23. NET LIQUID FUNDS

	1992 £m	1991 £m
Current asset investments	1,725	2,095
Cash at bank	24	34
Loans (excluding debenture loans and convertible bonds) and overdrafts	(417)	(917)
	1,332	1,212

24. RECONCILIATION OF TRADING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1992 £m	1991 £m
Trading profit	1,287	1,104
Depreciation	191	151
Loss on sale of tangible fixed assets	6	3
Increase in stocks	(47)	(57)
Increase in debtors	(163)	(107)
Increase in creditors	150	26
(Decrease)/increase in pension and other provisions	(1)	22
Share of profits of associated undertakings	(2)	(3)
Net cash inflow from operating activities before extraordinary items	1,421	1,139
Outflow related to extraordinary items	(12)	-
Net cash inflow from operating activities	1,409	1,139

25. FINANCING

	1992 £m	1991 £m
At 1st July 1991	1,586	1,018
Net cash (outflow)/inflow from financing	(466)	473
Ordinary Shares issued in lieu of dividends	15	13
Exchange adjustments	(53)	82
At 30th June 1992	1,082	1,586

Financing comprises called up share capital, share premium account, debenture loans, convertible bonds, other loans, and bank loans and overdrafts repayable in three months or more from the date of the advance of £134m (1991 – £171m).

26. CASH AND CASH EQUIVALENTS

	1992 £m	1991 £m
At 1st July 1991	417	189
(Decrease)/increase in cash and cash equivalents	(181)	237
Exchange adjustments	72	(9)
At 30th June 1992	308	417

Cash and cash equivalents comprise cash at bank, current asset investments which were within three months of maturity when acquired of £535m (1991 – £597m), less bank loans and overdrafts repayable within three months from the date of the advance of £251m (1991 – £214m).

27. RECONCILIATION BETWEEN THE MOVEMENT IN CASH AND CASH EQUIVALENTS AND THE MOVEMENT IN NET LIQUID FUNDS

	1992 £m	1991 £m
(Decrease)/increase in cash and cash equivalents	(181)	237
Non-cash equivalent movements in net liquid funds:		
Net (sale)/purchase of non-cash equivalent current asset investments	(219)	243
Net repayment/(advance) of short term loans	490	(366)
Exchange adjustments	17	(33)
Other movements	13	4
	301	(152)
Increase in net liquid funds	120	85

REPORT OF THE AUDITOR

TO THE MEMBERS OF GLAXO HOLDINGS p.l.c.

We have audited the accounts on pages 26 to 43 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 30th June 1992 and of the profit and cash flow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants
Registered Auditor

London
16th September 1992

RECONCILIATION TO US ACCOUNTING PRINCIPLES

The following is a summary of the estimated material adjustments to profit and ordinary shareholders' equity which would be required if US Generally Accepted Accounting Principles (GAAP) had been applied instead of UK GAAP.

<i>For the year ended 30th June</i>	<i>1992</i>	<i>1991</i>
	<i>£m</i>	<i>£m</i>
PROFIT		
Profit before extraordinary items under UK GAAP	1,033	912
US GAAP adjustments:		
Goodwill amortisation	(3)	(5)
Deferred taxation	(18)	(35)
Pension costs	(4)	—
Extraordinary items transferred to non-extraordinary	—	(31)
	(25)	(71)
Net income under US GAAP	1,008	841
Income per Ordinary Share of 25p under US GAAP	33.5p	28.0p
<i>At 30th June</i>	<i>1992</i>	<i>1991</i>
ORDINARY SHAREHOLDERS' EQUITY	£m	£m
Ordinary shareholders' equity under UK GAAP	3,572	3,208
US GAAP adjustments:		
Goodwill	23	26
Deferred taxation	(218)	(199)
Pension costs	(1)	—
Dividend proposed	331	292
	135	119
Ordinary shareholders' equity under US GAAP	3,707	3,327

SUMMARY OF DIFFERENCES BETWEEN UK AND US GAAP

Goodwill: The Group writes off goodwill arising on consolidation directly against reserves. Under US GAAP, goodwill arising on consolidation is capitalised and amortised over its expected useful life. For the purposes of determining the differences between UK GAAP and US GAAP, the expected useful life of goodwill has been taken to be ten years.

Deferred taxation: There are two principal differences between UK GAAP and US GAAP in respect of deferred taxation. First, under UK GAAP, deferred taxation is only accounted for to the extent that it is probable that taxation liabilities or benefits will crystallise; US GAAP requires that full provision is made for all deferred taxation liabilities. Second, UK GAAP requires that deferred taxation is provided using the liability method whereby taxation is provided at the same rates at which timing differences are expected to reverse; under US GAAP, the deferral method is currently used whereby deferred taxation is provided at the rates applicable to the year when provision is made.

Pension costs: The methods used to determine the annual pension costs for defined benefit schemes under both UK GAAP and US GAAP are similar in that they require pension costs to be spread over the expected service lives of employees. However, the use of different actuarial methodologies and assumptions gives rise to a difference in reported pension costs.

Ordinary dividends: Under UK GAAP, ordinary dividends proposed are provided for in the year in respect of which they are recommended by the Board of Directors for approval by the shareholders. Under US GAAP, such dividends are not provided for until declared by the Board of Directors.

CONSOLIDATED PROFIT AND LOSS ACCOUNT IN US DOLLARS

For the year ended 30th June

	1992 \$m	1991 \$m
TURNOVER	7,209	6,318
Operating costs less other income	4,944	4,265
TRADING PROFIT	2,265	2,053
Investment income less interest payable	247	333
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,512	2,386
Taxation	680	667
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	1,832	1,719
Minority interests	14	23
PROFIT BEFORE EXTRAORDINARY ITEMS	1,818	1,696
Extraordinary items	-	58
PROFIT FOR THE FINANCIAL YEAR	1,818	1,638
Dividends	901	781
RETAINED PROFIT	917	857
 EARNINGS PER SHARE	 60 cents	 57 cents
 DIVIDENDS PER SHARE	 30 cents	 26 cents

The US dollar figures shown above have been translated from sterling at the average rate of exchange for each year, namely \$1.76 to £1 for the year ended 30th June 1992 and \$1.86 to £1 for the year ended 30th June 1991.

CONSOLIDATED BALANCE SHEET IN US DOLLARS

<i>At 30th June</i>	<i>1992</i> <i>\$m</i>	<i>1991</i> <i>\$m</i>
FIXED ASSETS		
Tangible assets	4,448	3,371
Investments	61	46
	4,509	3,417
CURRENT ASSETS		
Stocks	902	800
Debtors	2,062	1,639
Investments	3,277	3,394
Cash at bank	46	55
	6,287	5,888
CREDITORS:		
Amounts falling due within one year	2,979	3,283
NET CURRENT ASSETS	3,308	2,605
TOTAL ASSETS LESS CURRENT LIABILITIES	7,817	6,022
CREDITORS:		
Amounts falling due after more than one year	337	272
PROVISIONS FOR LIABILITIES AND CHARGES	566	433
NET ASSETS	6,914	5,317
CAPITAL AND RESERVES		
Called up share capital	1,431	1,215
Share premium account	146	63
Other reserves	5,210	3,919
	6,787	5,197
MINORITY INTERESTS	127	120
CAPITAL EMPLOYED	6,914	5,317

The US dollar figures shown above have been translated from sterling at the exchange rate ruling at the end of each year, namely \$1.90 to £1 at 30th June 1992 and \$1.62 to £1 at 30th June 1991.

STATISTICAL REVIEW

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m
GROUP TURNOVER								
Pharmaceuticals and foods	4,096	3,397	3,179	2,570	2,059	1,741	1,429	1,161
Surgical and other products	—	—	—	—	—	—	—	25
Wholesaling (net)	—	—	—	—	—	—	—	226
	4,096	3,397	3,179	2,570	2,059	1,741	1,429	1,412
GEOGRAPHICAL ANALYSIS OF GROUP TURNOVER (excluding wholesaling)								
Europe	1,724	1,481	1,338	1,081	937	830	735	611
North America	1,715	1,359	1,316	1,163	831	662	469	333
Rest of World	657	557	525	326	291	249	225	242
	4,096	3,397	3,179	2,570	2,059	1,741	1,429	1,186
GROUP PROFITS AND DIVIDENDS								
Trading profit	1,287	1,104	1,040	876	764	695	517	376
Net investment income	140	179	142	130	68	51	95	27
Profit before taxation	1,427	1,283	1,182	1,006	832	746	612	403
Profit before extraordinary items	1,033	912	807	688	571	496	400	277
Extraordinary items	—	(31)	—	—	10	14	—	(13)
Dividends	512	420	329	260	185	141	104	74
Retained profit	521	461	478	428	396	369	296	190
RESEARCH AND DEVELOPMENT EXPENDITURE								
	595	475	420	323	230	149	113	93
SHARE STATISTICS								
Earnings per Ordinary Share	34.3p	30.4p	27.0p	23.1p	19.3p	16.7p	13.5p	9.3p
Dividends per Ordinary Share	17.0p	14.0p	11.0p	8.7p	6.2p	4.7p	3.5p	2.5p

The figures have not been adjusted to reflect changes in the composition of the Group and are as originally published except that: (i) turnover for 1973 has been restated to incorporate Pakistan and the South American subsidiary undertakings originally excluded from consolidation (ii) the figures for 1990 have been restated to incorporate Nippon Glaxo Ltd, Glaxo-Sankyo Co., Ltd and Cascan GmbH & Co. KG since they are now consolidated as subsidiary undertakings (iii) the figures for 1990, 1985, 1983 and 1979 have each been adjusted for the changes in accounting policy which occurred in the following year (iv) dividends and earnings per share have been adjusted for any scrip issues, and for the sub-division of share capital in 1991.

1984 £m	1983 £m	1982 £m	1981 £m	1980 £m	1979 £m	1978 £m	1977 £m	1976 £m	1975 £m	1974 £m	1973 £m
892	757	639	515	415	379	388	352	299	228	188	153
23	22	24	22	19	18	22	23	20	18	15	18
285	248	203	173	184	142	133	113	92	72	56	48
1,200	1,027	866	710	618	539	543	488	411	318	259	219
514	447	361	298	252	230	219	203	171	140	113	97
193	66	45	28	22	23	24	24	18	9	9	8
208	266	257	211	160	144	167	148	130	97	81	66
915	779	663	537	434	397	410	375	319	246	203	171
249	182	133	91	69	74	83	86	76	46	46	37
7	4	1	(4)	(3)	(2)	3	1	(2)	(5)	(3)	(3)
256	186	134	87	66	72	86	87	74	41	43	34
169	109	80	61	42	47	42	42	35	20	22	18
—	—	—	—	—	—	—	—	—	—	3	—
48	33	24	19	16	13	10	9	8	6	5	5
121	76	56	42	26	34	32	33	27	14	20	13
77	60	50	40	32	25	20	17	14	12	8	7

5.7p	3.7p	2.9p	2.2p	1.5p	1.7p	1.5p	1.5p	1.3p	0.8p	0.9p	0.7p
1.6p	1.1p	0.8p	0.7p	0.6p	0.5p	0.3p	0.3p	0.3p	0.2p	0.2p	0.2p

STATISTICAL REVIEW *Continued*

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m
NET ASSETS								
Fixed assets	2,373	2,109	1,628	1,187	882	701	582	456
Net liquid funds	1,332	1,212	1,127	1,124	912	729	479	293
Other assets and liabilities	(66)	(39)	50	2	9	34	39	87
	3,639	3,282	2,805	2,313	1,803	1,464	1,100	836
CAPITAL EMPLOYED								
Share capital and reserves	3,572	3,208	2,732	2,291	1,784	1,450	1,090	827
Minority interests	67	74	73	22	19	14	10	9
	3,639	3,282	2,805	2,313	1,803	1,464	1,100	836
PROFIT BEFORE TAXATION	1,427	1,283	1,182	1,006	832	746	612	403
RETURN ON CAPITAL EMPLOYED	39.2%	39.1%	42.1%	43.5%	46.1%	51.0%	55.6%	48.2%
CAPITAL EXPENDITURE								
United Kingdom	281	270	340	146	155	126	153	79
Overseas	285	351	297	227	120	67	48	47
	566	621	637	373	275	193	201	126
AVERAGE NUMBER OF GROUP EMPLOYEES								
United Kingdom	11,968	12,422	12,291	11,444	11,035	10,867	11,815	13,463
Overseas	25,115	23,218	20,934	17,266	15,388	14,087	12,913	12,171
	37,083	35,640	33,225	28,710	26,423	24,954	24,728	25,634

The figures have not been adjusted to reflect subsequent changes in the composition of the Group and are as originally published except that: (i) the figures for 1990 have been restated to incorporate Nippon Glaxo Ltd, Glaxo-Sankyo Co., Ltd and Cascan GmbH & Co. KG since they are now consolidated as subsidiary undertakings (ii) the figures for 1990, 1985, 1983 and 1979 have each been adjusted for the changes in accounting policy which occurred in the following year.

1984 £m	1983 £m	1982 £m	1981 £m	1980 £m	1979 £m	1978 £m	1977 £m	1976 £m	1975 £m	1974 £m	1973 £m
388	316	274	235	197	172	152	129	109	95	83	81
86	47	10	16	14	19	25	61	55	16	20	22
209	183	150	136	131	128	37	9	—	(8)	(13)	(33)
683	546	434	387	342	319	214	199	164	103	90	70

675	542	428	382	338	315	208	193	159	99	87	67
8	4	6	5	4	4	6	6	5	4	3	3
683	546	434	387	342	319	214	199	164	103	90	70
256	186	134	87	66	72	86	87	74	41	43	34

37.5%	34.1%	30.9%	22.5%	19.3%	22.6%	40.2%	43.7%	45.1%	39.8%	47.8%	48.6%
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

46	43	25	29	31	29	27	21	13	10	9	8
52	27	40	26	16	12	11	8	6	8	5	3
98	70	65	55	47	41	38	29	19	18	14	11

13,685	13,605	13,188	13,725	14,816	15,602	15,881	15,944	16,132	17,084	16,344	16,568
11,368	14,163	14,918	14,493	14,371	14,179	15,020	14,596	14,551	14,436	13,735	13,197
25,053	27,768	28,106	28,218	29,187	29,781	30,901	30,540	30,683	31,520	30,079	29,765

STATISTICAL REVIEW *Continued*

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m	1984 £m	1983 £m
THERAPEUTIC ANALYSIS OF GROUP PHARMACEUTICALS AND FOODS TURNOVER										
Anti-ulcerants	1,807	1,606	1,551	1,291	989	829	606	432	248	97
Respiratory	964	775	723	585	457	362	287	255	217	179
Systemic antibiotics	681	608	560	396	299	226	181	112	95	94
Anti-emesis	259	78	2	—	—	—	—	—	—	—
Dermatologicals	145	128	126	101	96	86	77	74	70	66
Cardiovascular	63	43	50	46	48	46	36	33	19	22
Anti-migraine	43	2	—	—	—	—	—	—	—	—
Other pharmaceuticals	124	147	155	138	138	149	174	154	130	158
Foods and animal health	10	10	12	13	32	43	68	101	113	141
	4,096	3,397	3,179	2,570	2,059	1,741	1,429	1,161	892	757
ASSOCIATED UNDERTAKINGS										
Turnover	121	130	135	375	354	341	281	238	212	141
Profit before taxation	4	8	10	56	59	55	35	31	29	16
Group share of profits	2	3	5	26	31	30	18	15	14	9
Research and development expenditure	1	1	1	13	10	9	10	8	8	6
Capital expenditure	5	11	11	17	12	6	6	8	14	12
Group share of net assets	12	17	17	63	53	51	46	43	41	35
Average number of employees	7,958	7,744	7,455	8,840	8,493	8,298	7,857	7,800	7,485	3,939

The figures have not been adjusted to reflect subsequent changes in the composition of the Group and are as originally published except that: (i) the figures in relation to associated undertakings for 1990 have been restated to exclude Nippon Glaxo Ltd, Glaxo-Sankyo Co., Ltd and Cascan GmbH & Co. KG since they are now consolidated as subsidiary undertakings (ii) the figures for 1990, 1985 and 1983 have each been adjusted for the changes in accounting policy which occurred in the following year.

In 1989, the results of Glaxo India Ltd were only included for the nine months to 31st March 1989 due to a change in that company's financial year end.

PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The following represent the principal subsidiary and associated undertakings of the Group at 30th June 1992, with details of the country of incorporation, the location of the headquarters and activities. The share capital of these undertakings, comprising ordinary shares, is wholly owned except where the Group's direct interest is shown in brackets. The only direct subsidiary undertaking of Glaxo Holdings p.l.c. is Glaxo Group Ltd. Full details of all subsidiary and associated undertakings have been attached to the Company's Annual Return to the Registrar of Companies. The country of incorporation is also the principal country of operation.

EUROPE

GLAXO GROUP LTD Greenford, Middlesex, England <i>Activity: Coordinating & Holding company</i>	LABORATOIRES GLAXO S.A. Paris, France <i>Activity: Research, Production & Marketing</i>	ADECHSA S.A. Zug, Switzerland <i>Activity: Trading</i>
GLAXOCHEM LTD Stockley Park West, Middlesex, England <i>Activity: Production</i>	CASCAN GMBH & Co. KG (50%)‡* Wiesbaden, Germany <i>Activity: Marketing</i>	GLAXO A.G. Bern, Switzerland <i>Activity: Marketing</i>
GLAXO EXPORT LTD Greenford, Middlesex, England <i>Activity: Exporting</i>	GLAXO GMBH Hamburg, Germany <i>Activity: Production & Marketing</i>	GLAXO INSTITUTE FOR MOLECULAR BIOLOGY S.A. Geneva, Switzerland <i>Activity: Research</i>
GLAXO GROUP RESEARCH LTD Greenford, Middlesex, England <i>Activity: Research</i>	GLAXO A.E.B.E. Athens, Greece <i>Activity: Production & Marketing</i>	GLAXO S.U.S.T.A.S. Istanbul, Turkey <i>Activity: Production & Marketing</i>
GLAXO INTERNATIONAL RESEARCH LTD London, England <i>Activity: Research Coordination</i>	GLAXO KFT Budapest, Hungary <i>Activity: Marketing</i>	
GLAXO MANUFACTURING SERVICES LTD Stockley Park West, Middlesex, England <i>Activity: Holding company</i>	GLAXO LTD Dublin, Ireland <i>Activity: Production & Marketing</i>	GLAXO FINANCE BERMUDA LTD Hamilton, Bermuda <i>Activity: Finance</i>
GLAXO OPERATIONS UK LTD Stockley Park West, Middlesex, England <i>Activity: Production</i>	GLAXO S.P.A. Verona, Italy <i>Activity: Research, Production & Marketing</i>	GLAXO INSURANCE (BERMUDA) LTD Hamilton, Bermuda <i>Activity: Insurance</i>
GLAXO PHARMACEUTICALS UK LTD Stockley Park West, Middlesex, England <i>Activity: Production & Marketing</i>	DUNCAN FARMACEUTICI S.P.A. Verona, Italy <i>Activity: Production & Marketing</i>	GLAXO TRADING (BERMUDA) LTD Hamilton, Bermuda <i>Activity: Finance</i>
GLAXO PHARMAZETIKA GES MBH Vienna, Austria <i>Activity: Marketing</i>	GLAXO EASTERN EUROPE S.R.L. Rome, Italy <i>Activity: Administration</i>	GLAXO (BERMUDA) LTD Hamilton, Bermuda <i>Activity: Finance</i>
GLAXO BELGIUM S.A. Brussels, Belgium <i>Activity: Marketing</i>	GLAXO B.V. Nieuwegein, Netherlands <i>Activity: Marketing</i>	GLAXO CANADA INC Mississauga, Canada <i>Activity: Production & Marketing</i>
GLAXO DANMARK A/S Brøndby, Denmark <i>Activity: Marketing</i>	GLAXO NORWAY AS Oslo, Norway <i>Activity: Marketing</i>	GLAXO AMERICAS INC New York, USA <i>Activity: Administration & Holding company</i>
GLAXO PHARMACEUTICALS OY Espoo, Finland <i>Activity: Marketing</i>	GLAXO FARMACEUTICA, LDA Lisbon, Portugal <i>Activity: Marketing</i>	GLAXO INC Research Triangle Park, North Carolina, USA <i>Activity: Research, Production & Marketing</i>
	GLAXO S.A. Madrid, Spain <i>Activity: Research, Production & Marketing</i>	GLAXO (LATIN AMERICA) INC Research Triangle Park, North Carolina, USA <i>Activity: Administration & Finance</i>
	GLAXO SWEDEN AB Mölndal, Sweden <i>Activity: Marketing</i>	

PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS *Continued*

REST OF WORLD

LABORATORIOS GLAXO (ARGENTINA) S.A.C.E.L. Buenos Aires, Argentina <i>Activity: Production & Marketing</i>	GLAXO BANGLADESH LTD (82%)* Chittagong, Bangladesh <i>Activity: Production & Marketing</i>	GLAXO CEYLON LTD (78%)* Colombo, Sri Lanka <i>Activity: Production & Marketing</i>
GLAXO DO BRASIL S.A. Rio de Janeiro, Brazil <i>Activity: Production & Marketing</i>	GLAXO CHINA LTD Hong Kong <i>Activity: Marketing</i>	GLAXO TAIWAN LTD (98%)* Taipei, Taiwan <i>Activity: Production & Marketing</i>
GLAXO FARMACEUTICA CHILENA LTDA Santiago, Chile <i>Activity: Marketing</i>	GLAXO HONG KONG LTD Hong Kong <i>Activity: Marketing</i>	GLAXO (THAILAND) LTD (97%) Bangkok, Thailand <i>Activity: Marketing</i>
LABORATORIOS GLAXO DE COLOMBIA S.A. Santafé de Bogota, Colombia <i>Activity: Production & Marketing</i>	P.T. GLAXO INDONESIA (85%) Jakarta, Indonesia <i>Activity: Production & Marketing</i>	GLAXO-VIDHYASOM LTD (97%) Samut Prakan, Thailand <i>Activity: Production</i>
GLAXO DEL ECUADOR S.A.* Quito, Ecuador <i>Activity: Marketing</i>	NIPPON GLAXO LTD (50%): Tokyo, Japan <i>Activity: Research, Production & Marketing</i>	GLAXO AUSTRALIA PTY LTD Boronia, Australia <i>Activity: Production & Marketing</i>
GLAXO DE MEXICO, S.A. DE C.V. Mexico City, Mexico <i>Activity: Production & Marketing</i>	GLAXO-SANKYO CO., LTD† Tokyo, Japan <i>Activity: Marketing</i>	GLAXO NEW ZEALAND LTD Palmerston North, New Zealand <i>Activity: Production & Marketing</i>
GLAXO CENTRO AMERICA S.A. Panama City, Panama <i>Activity: Marketing</i>	GLAXO MALAYSIA SDN BERHAD Kuala Lumpur, Malaysia <i>Activity: Production & Marketing</i>	
GLAXO DEL PERU S.A. Lima, Peru <i>Activity: Marketing</i>	GLAXO LABORATORIES (PAKISTAN) LTD (70%)* Karachi, Pakistan <i>Activity: Production & Marketing</i>	
GLAXO CARIBBEAN INC Puerto Rico <i>Activity: Marketing</i>	DUNCAN PHARMACEUTICALS PHILIPPINES, INC.* Manila, Philippines <i>Activity: Marketing</i>	
GLAXO URUGUAYA S.A.* Montevideo, Uruguay <i>Activity: Marketing</i>	GLAXO PHILIPPINES INC* Manila, Philippines <i>Activity: Marketing</i>	GLAXO INDIA LTD (40%)* India <i>Activity: Production & Marketing</i> Issued Shares: 20,000,000 Ord Shares of 10 Indian Rupees
LABORATORIOS ALLEN & HANBURYS DE VENEZUELA, C.A. Valencia, Venezuela <i>Activity: Marketing</i>	GLAXO SINGAPORE PTE LTD Singapore <i>Activity: Marketing</i>	GLAXO KOREA CO. LTD (50%)* South Korea <i>Activity: Production & Marketing</i> Issued Shares: 500,000 Ord Shares of 10,000 Won
LABORATORIOS GLAXO DE VENEZUELA, C.A. Caracas, Venezuela <i>Activity: Production & Marketing</i>	GLAXO FAR EAST (PTE) LTD Singapore <i>Activity: Management services & Holding company</i>	GLAXO NIGERIA PLC (40%) Nigeria <i>Activity: Production & Marketing</i> Issued Shares: 98,784,000 Ord Shares of 0.50 Naira
GLAXO ABI S.A.E. (84%) Cairo, Egypt <i>Activity: Production & Marketing</i>	GLAXOCHEM (PTE) LTD Singapore <i>Activity: Finance</i>	
GLAXO EAST AFRICA LTD Nairobi, Kenya <i>Activity: Production & Marketing</i>	GLAXO DEVELOPMENT PTE LTD Singapore <i>Activity: Production</i>	
GLAXO MAROC S.A. (90%) Casablanca, Morocco <i>Activity: Marketing</i>	GLAXO PHARMACEUTICALS PTE LTD Singapore <i>Activity: Production</i>	
GLAXO SOUTH AFRICA (PTY) LTD Midrand, South Africa <i>Activity: Production & Marketing</i>	GLAXO TRADING (FAR EAST) PTE LTD Singapore <i>Activity: Trading</i>	

[‡]Consolidated as subsidiary undertakings in accordance with section 258(4) (a) of the Companies Act 1985.

[†]Nippon Glaxo Ltd holds 50% of the Ordinary capital of Glaxo-Sankyo Co., Ltd, which results in the Group having an indirect interest of 25%.

*The companies marked thus are not audited by member firms of Coopers & Lybrand (International).

SHAREHOLDER INFORMATION

ANALYSIS OF ORDINARY SHAREHOLDINGS

<i>At 30th June 1992</i>	<i>Number of accounts</i>	<i>% of total accounts</i>	<i>Ordinary Shares</i>	<i>% of total Ordinary Shares</i>
Holding of:				
Up to 1,000 shares	43,327	44.3	21,703,798	0.7
1,001 to 5,000 shares	35,225	36.0	81,313,005	2.7
5,001 to 100,000 shares	18,035	18.4	307,405,519	10.2
100,001 to 1,000,000 shares	1,025	1.0	299,361,506	10.0
Over 1,000,000 shares	270	0.3	2,300,463,171	76.4
	97,882	100	3,010,246,999	100
Held by:				
Nominee Companies	17,448	17.8	1,194,752,300	39.7
Investment and Trust Companies	6,791	6.9	148,150,258	4.9
Insurance Companies	860	0.9	285,417,232	9.5
Individuals and other corporate bodies	72,782	74.4	563,985,380	18.7
BNY (Nominees) Ltd.*	1	—	817,941,829	27.2
	97,882	100	3,010,246,999	100

*The Bank of New York's holding represents the Company's ADR programme whereby each ADR represents two Ordinary Shares of 25p nominal value. The number of registered holders of ADRs at 30th June 1992 was 68,685.

GLAXO GROUP SHARE OPTION SCHEMES

	<i>Ordinary Shares</i>
Number of shares issuable under outstanding options:	
At 1st July 1991	70,355,618
Options granted	17,804,391
Options exercised	(8,768,000)
Options cancelled	(1,997,010)
At 30th June 1992	77,394,999

SHAREHOLDER INFORMATION *Continued*

GLAXO HOLDINGS p.l.c. ORDINARY SHARES AND LOAN STOCK HISTORY

Incorporation: Glaxo Holdings p.l.c. was incorporated on 23rd March 1972 to acquire all the Ordinary Stock Units of 50p each of Glaxo Group Ltd, a publicly quoted company. The Glaxo Group Ltd 6 $\frac{3}{4}$ per cent and 7 $\frac{3}{4}$ per cent Unsecured Loan Stocks, repayable between 1985 and 1995, continue to be publicly quoted.

Scheme of Arrangement: Under a Scheme of Arrangement which became effective on 22nd May 1972, Glaxo Group Ltd Ordinary stockholders received one Glaxo Holdings p.l.c. Ordinary Share of 50p and 60p of Glaxo Holdings p.l.c. 7 $\frac{1}{2}$ per cent Convertible Unsecured Loan Stock 1985 (CULS) in exchange for each Glaxo Group Ltd Ordinary Stock Unit of 50p. The CULS was converted into Ordinary Shares between 1975 and 1985.

Rights and Capitalisation Issues: Since 1972 the following issues of Glaxo Holdings p.l.c. Ordinary Shares of 50p each have been made:

August 1975	Rights issue: 1 for 5 at 200p (16th June 1975) (also 1 Ordinary Share of 50p for each £25 of CULS at 200p)
January 1980	Capitalisation issue: 1 for 1 (11th February 1980)
January 1983	Capitalisation issue: 1 for 1 (21st February 1983)
January 1986	Capitalisation issue: 1 for 1 (27th January 1986)
November 1989	Capitalisation issue: 1 for 1 (24th November 1989)

The dates listed in brackets are those on which the ex-rights or ex-capitalisation share prices were first quoted.

Sub-division of Shares: On 30th October 1991 each Ordinary Share of 50p was sub-divided into two Ordinary Shares of 25p each. The existing share certificates became null and void and were replaced by new certificates. Additional American Depository Receipts were sent to the holders of American Depository Shares on 8th November 1991 and their existing ADRs remained valid.

Capital Gains Tax: The prices for Glaxo Holdings p.l.c. Ordinary Shares and for each £1 of CULS on the following dates were:

22nd May 1972	Ordinary Shares of 50p	515p
	CULS	140p
16th June 1975	Ordinary Shares of 50p (nil paid)	172 $\frac{1}{2}$ p ex-rights
	CULS	98 $\frac{3}{4}$ p ex-rights
31st March 1982	Ordinary Shares of 50p	513p*
	CULS	197p

*Equivalent to 32p for each of the present Ordinary Shares of 25p.

Glaxo Group Ltd Ordinary Stock: The market value of Glaxo Group Ltd Ordinary Stock Units of 50p on 6th April 1965 was 156 $\frac{1}{4}$ p. A 1 for 4 scrip issue in December 1967 was followed by a 1 for 12 rights issue at 250p in June 1968 and a 1 for 4 scrip issue in January 1970. Stock acquired by BDH Group Ltd shareholders in 1968 had a market value of 146.425p.

HOLDERS OF ORDINARY SHARES

The Company's Registrar is National Westminster Bank Plc and all correspondence regarding Ordinary Shares (or Stock) should be sent to the address shown on page 59.

Dividends: The record date for this year's proposed final dividend payable on 13th November 1992 is 25th September 1992, and the shares will trade ex-dividend on The London Stock Exchange from 21st September 1992. Shareholders who wish to establish a dividend mandate in order to receive dividends directly into a bank or building society account should contact the Company's Registrar at the address given on page 59.

Scrip Dividends: Holders of Ordinary Shares are offered the alternative of a scrip dividend in relation to the proposed final dividend, which will enable shareholders to take all or part of their dividend in the form of fully paid Ordinary Shares. Shareholders are normally sent a Form of Election twice each year, following the announcement of the dividends, although they may choose to mandate their choice until further notice. Full details of the scheme can be obtained from the Company's Registrar.

Personal Equity Plans (PEPs): The Glaxo General and Single Company PEPs are managed by Bradford & Bingley (PEPs) Ltd, a wholly-owned subsidiary of Bradford & Bingley Building Society. The PEPs provide a method by which persons, aged 18 years or over and resident in the UK for tax purposes, can hold shares in the Company. Further information on the PEPs is available from Bradford & Bingley (PEPs) Ltd at the address shown on page 59.

Share Price Information: The latest share price information is available on Ceefax and ORACLE and also the Cityline service operated by the FT: telephone 0891-432701 (calls charged at 36p per minute cheap rate and 48p per minute at all other times).

Unsolicited Mail: The law obliges the Company to make its share register available to other organisations and as a consequence some shareholders may have received unsolicited mail. If you wish to limit the amount of such mail, you should write to the Mailing Preference Service at FREEPOST 22, London W1E 7EZ or telephone 071-738 1625 for a registration form.

HOLDERS OF AMERICAN DEPOSITORY SHARES

The Company's shares are listed in the USA on The New York Stock Exchange (NYSE) in the form of American Depository Shares (ADSs) and these are evidenced by American Depository Receipts (ADRs). The shares are traded under the symbol GLX.

The Company's ADR programme is administered by The Bank of New York whose address is shown on page 59, and any enquiries regarding ADRs should be addressed to that office. Each ADR under the programme currently represents two Ordinary Shares of 25p nominal value.

Dividends: The recommended final dividend of 11p equals 22p per ADR. This amount will be paid in US dollars converted at the exchange rate on 13th November 1992. The total dividend for the year is 34p per ADR.

The record date for this year's proposed final dividend to ADR holders is 25th September 1992 and payment will be made through The Bank of New York on 23rd November 1992. Such ADRs will trade ex-dividend on the NYSE from 21st September 1992.

The current income tax convention between the UK and the USA includes provisions which entitle a qualifying US resident ADR holder to a refund of the UK tax credit attaching to the dividend. On payment of the dividend a 15 per cent withholding tax is deducted from the total of the dividend and the tax credit. This withholding tax will normally be eligible for credit against such ADR holder's US Federal Income Tax liability, provided Form 1116 "Computation of Foreign Tax Credit" is completed and filed with the ADR holder's US Federal Income Tax return. ADR holders who are unsure of their tax position should consult their independent tax adviser.

As a guide to holders of ADRs the following table shows the interim and final dividends for the last five years, translated into US dollars per ADS. These amounts have been adjusted for the UK tax credit, less the 15 per cent withholding tax, as detailed above.

<i>Financial year</i>	<i>Interim</i> <i>cents</i>	<i>Final</i> <i>cents</i>	<i>Total</i> <i>cents</i>
1992	24	*48	*72
1991	17	40	57
1990	13	33	46
1989	10	23	33
1988	7	19	26

*Estimated figures are based on an exchange rate of \$1.94 to £1 on 11th September 1992.

SHAREHOLDER INFORMATION *Continued*

HOLDERS OF AMERICAN DEPOSITORY SHARES *continued*

Dividend Reinvestment Plan: The scrip dividend alternative is not offered to holders of Ordinary Shares in the USA or Canada or to holders who are US or Canadian persons, nor is the offer made to holders of ADRs. However, a Dividend Reinvestment Plan is available through The Bank of New York to all ADR holders having a registered address in the USA or Canada. The plan allows for full or partial reinvestment of dividends in additional ADSs and permits monthly optional investments in additional ADSs as well. Full details of the plan can be obtained from The Bank of New York at the address shown on the opposite page.

Annual General Meeting: The Company's 1992 Annual General Meeting of shareholders takes place in London on 16th October 1992. ADR holders may instruct The Bank of New York as to how the Ordinary Shares represented by their ADRs should be voted by completing and returning the voting card provided by The Bank of New York in accordance with the instructions given.

HOLDERS OF ORDINARY SHARES LISTED ON THE TOKYO STOCK EXCHANGE

The Company's shares are listed in Japan on The Tokyo Stock Exchange (TSE). They are traded in units of 100 shares on the Foreign Section of the TSE. Transactions are carried out under the Central Depositary and Clearing System and original share certificates are kept by the Japan Securities Clearing Corporation (JSCC) through their depositary in London.

Dividends: The record date for this year's proposed final dividend is 25th September 1992. Payment of the dividend to Japanese investors, in respect of shares held in deposit by the JSCC will be made in yen during December 1992. The scrip dividend alternative is offered to Japanese investors who hold shares through the TSE. However, the number of shares receivable must be a multiple of the minimum trading unit of 100 shares. To receive dividends in the form of shares, shareholders should notify the securities company which holds their account of such intention.

Under the current tax convention between Japan and the UK, dividends paid by a company resident in the UK to a resident of Japan will entitle the recipient to a payment by the UK tax authorities of a tax credit, equivalent to the tax credit to which a UK resident individual would be entitled on the dividend, less a tax of 15 per cent of the dividend plus the tax credit.

Further information about the Company's shares listed in Japan can be obtained from The Toyo Trust & Banking Co., Ltd., whose address is shown on the opposite page.

OTHER INFORMATION

USA: An annual report (Form 20-F) will be filed with the Securities and Exchange Commission in the USA on or before 28th September 1992.

Japan: An annual securities report (Form No. 8) will be filed with the Minister of Finance of Japan on or before 31st December 1992.

South Africa: The Company has submitted to the Department of Trade and Industry a report for the year to 30th June 1992 in accordance with the EC Code of Conduct for companies with interests in South Africa. Copies of this document are available from the Secretary of the Company.

Trade Marks: The following names mentioned in this Annual Report are trade marks of Glaxo Group companies:

Beclovent; Beconase; Becotide; Betnovate; Cutivate; Dermovate; Flixonase; Flixotide; Fortaz; Fortum; Imigran; Lacipil; Serevent; Ventolin; Volmax; Zantac; Zinacef; Zinnat; Zofran.

ADDRESSES FOR CORRESPONDENCE

Registered Office:

Glaxo Holdings p.l.c.
Lansdowne House,
Berkeley Square,
London W1X 6BP
Telephone: 071-493 4060
Telefax: 071-408 0228

Registrar and Transfer Office:

National Westminster Bank Plc,
Registrar's Department,
P.O. Box 82, Caxton House,
Redcliffe Way,
Bristol BS99 7NH
Telephone: 0272-306600

For information on the Glaxo

Corporate PEPs:

Bradford & Bingley (PEPs) Ltd,
P.O. Box 50, Main Street, Bingley,
West Yorkshire BD16 2LW
Telephone: 0274-555677

Investor Relations (Europe):

Glaxo Holdings p.l.c.
Lansdowne House,
Berkeley Square,
London W1X 6BP
Telephone: 071-408 8401/8369
Telefax: 071-491 4133

For holders of ADRs and information on the Dividend

Reinvestment Plan:

The Bank of New York,
Shareholder Relations Department,
P.O. Box 11258,
Church Street Station,
New York, NY 10286-1258
Telephone: 212-815 5800

Investor Relations (US):

Glaxo Holdings p.l.c.
499 Park Avenue,
New York, N.Y.
Telephone: 212-308 5186
Telefax: 212-308 5263

For holders of shares listed on The Tokyo Stock Exchange:

The Toyo Trust & Banking Co., Ltd.,
Corporate Agency Department,
5-3 Nihonbashi 1-Chome,
Chuo-ku, Tokyo 103
Telephone: 8133-272 7311

FINANCIAL CALENDAR

Annual General Meeting:

16th October 1992

Announcements:

Half-year results: February 1993

Preliminary announcement of full year results: September 1993

Dividends:

Final dividend payable: 13th November 1992

Final dividend payable (ADR holders): 23rd November 1992

Interim dividend payable: May 1993

Convertible Bonds:

Japanese Yen Convertible Bonds – First Series (1991)

4.3 per cent interest payable: 28th September 1992 and 28th March 1993

Loan Stock:

6 1/4 per cent Unsecured loan stock of Glaxo Group Ltd payable: 1st October 1992 and 1st April 1993

7 1/4 per cent Unsecured loan stock of Glaxo Group Ltd payable: 1st November 1992 and 1st May 1993

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