



ALLEN & HANBURYS LIMITED
Makers of Fine Pharmaceuticals since 1715

BETHNAL GREEN LONDON E2 6LA TELEPHONE: 01-739 4343 TELEGRAMS: GREENBURYS LONDON E2

Clark Pixley,
6-10 Eldon Street,
London EC2M 7LU

August 1978

Dear Sirs,

1. We confirm to the best of our knowledge and belief the following information and opinions given to you in connection with your examination of the company's accounts for the year ended 30th June, 1978, and in the light of the requirements of the Companies Acts 1948, 1967 and 1976.

ASSETS

General

2. The assets shown in the company's books and accounts at 30th June, 1978 were owned by the company and were free from any charge.

Land, Building, Plant and Equipment

3. The net book amounts at which the premises, plant and equipment are stated in the balance sheet are arrived at :-
 - a. After taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue.
 - b. After eliminating the cost and accumulated depreciation relating to items sold or scrapped.
 - c. After providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the company's business.
4. At the balance sheet date there were outstanding commitments for the purchase of fixed assets amounting in total to £6,084,000 of which £4,124,000 was contracted for but not provided for and £1,960,000 was authorised by the Board of Directors but not contracted for.
5. The present realisable value of the fully depreciated plant and machinery, described in note 9 to the Accounts, is not considered by the directors to justify any adjustment in book values or the rates of depreciation used.



Company registered in England, No. 40209

Registered Office: Three Colts Lane, Bethnal Green, London E2 6LA



Stocks

6. The company's stocks and work-in-progress appearing in Note 11 to the accounts at a total value of £7,822,350, comprise the whole of the company's stocks and work-in-progress wherever situated. Stocks held on behalf of other parties have been excluded. All executed sales orders have been invoiced to customers and the stocks relating to invoiced sales have been excluded.
7. The stocks and work-in-progress were ascertained in the following manner :-
 - a. Raw materials and finished goods are in accordance with balances on stock records which were verified by a continuous stocktaking which covered all items at least once during the year.
 - b. Work-in-progress is in accordance with the company's records, the accuracy of which is confirmed by the company's officials by physical checks made on a test basis and by reviewing the balances shown on individual accounts. All work-in-progress is current.
8. The stocks and work-in-progress have been valued at the lower of cost and estimated net realisable value. In general, cost is determined on a first in, first out basis. Finished goods and work-in-progress include direct material and labour costs and an addition for factory overheads appropriate to the stages of production reached. In estimating net realisable value, due allowance was made for costs of realisation and slow-moving, obsolete, defective, unsaleable or unusable items.
9. Stocks and work-in-progress are valued on the same basis and were ascertained in the same manner as at the end of the previous financial period, with the exception that no general provision has been made at 30th June 1978.
10. On realisation in the ordinary course of the company's business the other current assets in the balance sheet are expected, in the opinion of the directors, to produce at least the amounts at which they are stated. In particular, adequate provision has, in the opinion of the directors, been made against all amounts owing to the company which are known or may be expected to be irrecoverable.

LIABILITIES

General

11. All liabilities have been taken up in the books of account, including the liability for all purchases to which title had passed prior to the stated date, and for all items included in stocks.

Taxation

12. The amounts included in the balance sheet in respect of taxation are adequate to cover all unpaid taxation liabilities, agreed or estimated, arising in respect of profits earned to the date of the balance sheet.

The Directors are satisfied that any liability to U.K. Corporation Tax which may arise following the investigation of the company's tax affairs presently being undertaken by Inland Revenue will be recoverable from Glaxo Group Limited under the terms of their indemnity dated 3rd August 1978.

Contingent Liabilities

13. We are not aware of any pending litigation involving this company.
14. All contingent liabilities have been provided or noted in the accounts.

Provision for Losses

15. Provisions have been made in the accounts for all losses of material amounts which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date.

Commitments

16. There were no purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices, or agreements to repurchase items previously sold.
17. There were no commitments for the sale of the company's products at forward prices below the prevailing selling prices.
18. There were no commitments for the purchase or sale of investments.
19. There were no other commitments or obligations which might adversely affect the company.
20. No options have been granted on the company's capital, except as stated in the accounts.
21. There were no defaults in principal, interest, sinking fund or redemption provisions with respect of any issue of share or loan capital or credit agreements, or any breach of covenant of an agreement.

PROFIT AND LOSS ACCOUNT

22. Except as disclosed in the accounts, the results for the year were not materially affected by :-

- a. transactions of a sort not usually undertaken by the company;
- b. circumstances of an exceptional or non-recurrent nature;
- c. charges or credits relating to prior years;
- d. any change in basis of accounting.

EVENTS SUBSEQUENT TO THE DATE OF THE BALANCE DATE

- 23. There have been no material changes since the date of the balance sheet in respect of the items in paragraphs 14, 16, 18, 20 and 21 above.
- 24. Since the date of the balance sheet no events, apart from the re-organisation described in Note 16 to the Accounts, have occurred which, though properly excluded from the accounts, are of such importance that they should be disclosed to shareholders through some other medium.

Yours truly,

 (Director)

 (Secretary)

ALLEN & HANBURY'S LIMITED

The Directors present their report and accounts for the year ended 30th June 1978. The profit of the Company for the year after provision for taxation amounted to £4,608,860, as set out in the attached Profit and Loss Account.

DIVIDENDS

On the recommendation of the Directors a Resolution was passed at an Extraordinary General Meeting of the Company held on 30th June 1978 declaring a dividend amounting to £3,948,517, together with the whole of the net profit (including the dividends declared by Duncan, Flockhart & Co. Limited and Laminated Plastic Products Limited on 30th June 1978) of the Company for that year to be paid to the shareholders on the Register on 30th June 1978.

Therefore a dividend of £8,557,377 will be paid.

GROUP STRUCTURE

The Allen & Hanburys Group of Companies comprised the following companies at 30th June 1978 :

Allen & Hanburys Limited

Duncan Flockhart & Co. Limited

Laminated Plastic Products Limited

Consolidated accounts of the company and its subsidiaries have not been prepared as the company is a wholly owned subsidiary of another body corporate, incorporated in Great Britain. The Directors are of the opinion that the aggregate value of shares in and amounts owing from the company's subsidiaries is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

PRINCIPAL ACTIVITIES OF THE GROUP

These continued to be the manufacture and sale of pharmaceutical products for the whole of the year.

GLAXO GROUP REORGANISATION

As a part of the reorganisation of the Glaxo Group of Companies in the U.K., Glaxo Group Limited transferred its shareholding in the Company to Glaxo Operations UK Limited on 1st July 1978, and the same day the Company transferred its shareholdings in Duncan, Flockhart & Co. Limited and Laminated Plastic Products Limited to Glaxo Operations UK Limited. The Company's manufacturing operations are now carried out by Glaxo Operations UK Limited but the Company continues its selling function.

CAPITAL

The Company has issued no shares or debentures during the year.

FIXED ASSETS

Additions to fixed assets during the year included £4,180,000 in respect of further additions to research facilities.



EXPORTS

With the exception of Laminated Plastic Products Limited, the Company and its subsidiaries do not trade directly in export markets. The total sales value of goods exported from the United Kingdom by Laminated Plastic Products Limited during the year amounted to £6,086.

Directors

| | | |
|---------------------|-------------------|---------------------|
| Mr. E.R.C. Farmer | Chairman | (appointed 7.4.78) |
| Mr. R.D. Smart | Chairman | (resigned 7.4.78) |
| Mr. M.J. Smith | Managing Director | |
| Mr. B.E. Baker | | (resigned 30.6.78) |
| Mr. C.C. Barker | | (resigned 30.6.78) |
| Mr. D.J.R. Farrant | | (resigned 7.4.78) |
| Mr. J.W. Strafford | | |
| Mr. J.R.P. Eastcott | | (appointed 25.4.78) |

Mr. E.R.C. Farmer was appointed a Director of the Company with effect from 7th April 1978 and Mr. J.R.P. Eastcott with effect from 25th April 1978 in accordance with Article 84 of the Articles of Association of the Company to hold office until the next Annual General Meeting. In accordance with this same Article they retire and, being eligible, offer themselves for re-election as Directors.

No Director had during the year, or at the end of the year, any material interest in any contract of significance to the Company's business.

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 Directors or their families to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Directors and their families had no beneficial interest in shares in the Company or in any stocks and shares in any other member company of the Glaxo Group of Companies, except for the interests in the ultimate holding company, Glaxo Holdings Limited, and the parent company, Glaxo Group Limited, as shown below :

at 1st July 1977

at 30th June 1978

| | Ordinary Shares of 50p each | 7½% Convertible Unsecured Loan Stock 1985 | Ordinary Shares of 50p each | 7½% Convertible Unsecured Loan Stock 1985 |
|---------------------|--------------------------------------|---|--------------------------------------|---|
| Mr. E.R.C. Farmer | *- | *- | - | - |
| Mr. M.J. Smith | 856 | £420 | 856 | £420 |
| Mr. B.E. Baker | 317 | - | 317 | - |
| Mr. C.C. Barker | - | - | - | - |
| Mr. J.W. Strafford | 107 | £52 | 107 | £52 |
| Mr. J.P.R. Eastcott | *90 | *- | 90 | - |

* at date of appointment

AUDITORS

The Auditors, Messrs. Clark Pixley, retire in accordance with Section 14 of the Companies Act 1976 and offer themselves for re-appointment at the forthcoming Annual General Meeting at a fee to be agreed by the Directors.

BY ORDER OF THE BOARD

Pamela Bull

P. BULL
SECRETARY

REPORT OF THE AUDITORS TO THE MEMBERS OF

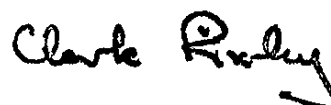
ALLEN & HANBURY LIMITED

ON THE ACCOUNTS FOR THE YEAR ENDED

30TH JUNE 1978

We have examined the accounts set out on pages 4 to 12 which have been prepared under the historical cost convention.

In our opinion these accounts give, under the accounting convention stated above, a true and fair view of the state of affairs of the Company at 30th June 1978, and of the results and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.



Clark Pixley

Chartered Accountants

London

~~25th~~ August 1978

ALLEN & HANBURY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1978

| | <u>Notes</u> | <u>1978</u> £ | <u>1977</u> £ |
|------------------------------------|--------------|---------------------|---------------------|
| Sales | | | |
| To group companies | | 3,623,350 | 2,863,157 |
| To external customers | | <u>15,409,359</u> | <u>13,986,137</u> |
| | | <u>£ 19,032,709</u> | <u>£ 16,849,294</u> |
| Trading Profit | 3 | 8,284,478 | 6,263,081 |
| Dividends receivable from | | | |
| Subsidiary Companies | | 713,747 | 913,595 |
| Unquoted Investment | | <u>6</u> | <u>6</u> |
| Profit before taxation | | 8,998,231 | 7,176,682 |
| Taxation | 4 | <u>4,389,371</u> | <u>3,271,089</u> |
| Profit after taxation for the year | | <u>£ 4,608,860</u> | <u>£ 3,905,593</u> |
| <u>Dealt with as follows:</u> | | | |
| Dividend | | 8,557,377 | 3,905,000 |
| Transfer from Reserves | 6 | 3,948,517 CR | - |
| Profit retained | | <u>-</u> | <u>593</u> |
| | | <u>£ 4,608,860</u> | <u>£ 3,905,593</u> |

| | <u>Notes</u> | <u>1978</u> | <u>1977</u> |
|-----------------------------------|--------------|-------------------|---------------------|
| | | £ | £ |
| <u>CAPITAL EMPLOYED</u> | | | |
| <u>Ordinary Capital</u> | | | |
| Shares of £1 each Authorised | | £ 1,000,000 | £ 1,000,000 |
| Issued and Fully Paid | | 963,400 | 963,400 |
| <u>Share Premium Account</u> | | 410,000 | 410,000 |
| <u>Reserves</u> | 6 | 4,449,888 | 2,398,405 |
| | | 5,823,288 | 9,771,805 |
| <u>Investment Grants</u> | 7 | 7,542 | 13,367 |
| <u>Deferred U.K. Taxation</u> | 8 | 7,252,000 | 4,150,000 |
| | | <u>13,082,830</u> | <u>£ 13,935,172</u> |
| <u>EMPLOYMENT OF CAPITAL</u> | | | |
| <u>Fixed Assets</u> | 9 | 10,953,414 | 6,061,111 |
| <u>Interest in Subsidiaries</u> | | | |
| Shares at cost | 10 | 236,258 | 236,258 |
| Amount owing from subsidiaries | | <u>1,504,452</u> | <u>87,807</u> |
| | | 1,740,710 | 324,065 |
| <u>Investments</u> | 11 | 385 | 385 |
| | | <u>12,694,509</u> | <u>6,385,561</u> |
| <u>Current Assets</u> | | | |
| Stocks | 12 | 7,822,350 | 6,121,616 |
| Debtors | | 4,080,667 | 3,490,957 |
| Bank Balances and Cash | | 46,785 | 90,186 |
| Inter-group Balances | 13 | 3,360,849 | 6,653,566 |
| | | <u>15,310,651</u> | <u>16,356,325</u> |
| <u>Current Liabilities</u> | | | |
| Creditors | | 3,657,266 | 2,645,870 |
| Bank overdraft | | 1,409,528 | 776,304 |
| Taxation | 4B | 1,298,159 | 1,479,540 |
| Dividend | | 8,557,377 | 3,905,000 |
| | | <u>14,922,330</u> | <u>8,806,714</u> |
| <u>Net Current Assets</u> | | <u>388,321</u> | <u>7,549,611</u> |
| | | <u>13,082,830</u> | <u>£ 13,935,172</u> |

M. J. Smith
J. R. R. Smith

Directors

ALLEN & HANBURY'S LIMITED

STATEMENT OF SOURCE & APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH JUNE 1978

| | <u>1978</u> | <u>1977</u> |
|---|---------------------|--------------------|
| | £ | £ |
| <u>SOURCES</u> | | |
| Profit before taxation | 8,998,231 | 7,176,682 |
| Depreciation of fixed assets | 821,412 | 655,618 |
| | <u>9,819,643</u> | <u>7,832,300</u> |
| Investment grants credited to profit | 5,825 | 8,972 |
| Investment grants withdrawn | — | — |
| | <u>5,825</u> | <u>8,972</u> |
| | <u>9,813,818</u> | <u>£ 7,823,328</u> |
| <u>APPLICATIONS</u> | | |
| Purchase of fixed assets | 5,777,563 | 3,173,901 |
| Disposals | 63,848 | 66,194 |
| | <u>5,713,715</u> | <u>3,107,707</u> |
| Increase/(Decrease) in working capital: | | |
| Stocks | 1,700,734 | 1,810,950 |
| Debtors | 589,710 | 302,562 |
| Creditors | (1,011,396) | (1,310,180) |
| Inter-Group Balances | (1,876,072) | (2,779,062) |
| | (597,024) | (1,975,730) |
| Tax paid | 1,468,752 | 4,098,519 |
| Dividends paid to ordinary shareholders | 3,905,000 | 2,625,265 |
| | <u>£ 10,490,443</u> | <u>£ 7,855,761</u> |
| <u>DECREASE IN LIQUID FUNDS</u> | | |
| Cash and overdrafts | £ 676,625 | £ 32,433 |

1. BASIS OF ACCOUNTS

Consolidated accounts of the Company and its subsidiaries have not been prepared as the company is a wholly owned subsidiary of another body corporate, incorporated in Great Britain. The Directors are of the opinion that the aggregate value of shares in and amounts owing from the company's subsidiaries is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

2. ACCOUNTING POLICIES

The following general accounting policies are applied :

- a) These accounts have been prepared under the historical cost convention.
- b) Sales represent amounts receivable, excluding V.A.T. for goods sold during the year.
- c) Foreign currencies are converted to sterling at the rates of exchange ruling at balance sheet date.
- d) Expenditure incurred on research, development, rationalisation of production facilities and commissioning of new plant is treated as a charge against revenue in the year in which such expenditure is incurred.
- e) U.K. investment grants received in respect of each financial year are being credited to revenue over a period of 10 years, being the estimated average life of the relevant fixed assets.
- f) Provision is made, using the liability method, for taxation which has been deferred because of capital allowances, the application of stock appreciation relief, and timing differences on other items.
- g) Land and capital work-in-progress have not been depreciated. Other fixed assets are being depreciated on a straight line basis over their estimated useful lives.
- h) Stocks are consistently valued at the lower of cost or net realisable value. Cost in respect of finished goods and work-in-progress includes an appropriate proportion of manufacturing overheads.

3. TRADING PROFIT

Trading profit is arrived at :

| | <u>1978</u> £ | <u>1977</u> £ |
|---|------------------|------------------|
| After crediting : | | |
| Amounts written off investment grants | 5,825 | 8,972 |
| And after charging : | | |
| Depreciation | 821,412 | 655,618 |
| Hire of Plant & Machinery | 157,032 | 98,740 |
| Emoluments of Directors (note 5) | 77,169 | 64,824 |
| Interest payable on bank overdrafts and loans repayable within 5 years | 7,786 | 16,148 |
| Auditors remuneration | 10,600 | 8,282 |

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1978

- continued -

4. TAXATION

a) The charge in the profit and loss account comprises:

| | <u>1978</u> £ | <u>1977</u> £ |
|---|--------------------|--------------------|
| Corporation tax on the taxable profit at the rate of 52% (1977 52%) | 1,297,000 | 1,480,240 |
| Overseas taxation paid | 54 | 240 |
| Transfer to deferred taxation (note 8) | <u>3,097,000</u> | <u>1,831,124</u> |
| | 4,394,054 | 3,311,604 |
| Adjustments relating to prior periods: | | |
| Deferred Taxation | 5,000 | |
| Corporation tax | <u>9,683 CR</u> | <u>40,515 CR</u> |
| | <u>£ 4,389,371</u> | <u>£ 3,271,089</u> |

b) The liability includes £1,297,000 (1977 £1,479,540) in respect of Corporation tax due on or after 1st January 1980 (1979).

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES RECEIVING MORE THAN £10,000

Directors' emoluments (excluding pension scheme contributions) were:

| | <u>1978</u> £ | <u>1977</u> £ |
|-----------------------|------------------|------------------|
| Chairmen | Nil | Nil |
| Highest paid Director | <u>£ 17,177</u> | <u>£ 15,931</u> |

Range of other directors Number

| | | |
|-------------------|---|---|
| £0 - £2,500 | 2 | 1 |
| £10,001 - £12,500 | - | 1 |
| £12,501 - £15,000 | 2 | 2 |
| £15,001 - £17,000 | 1 | - |

Employees receiving more than £10,000 (excluding pension scheme contributions):

| | <u>Number</u> |
|-------------------|---------------|
| £10,001 - £12,500 | 7 |
| | 3 |

6. RESERVES

| | <u>Capital Reserves</u> £ | <u>Retained Profits</u> £ | <u>Total</u> £ |
|-------------------------------------|------------------------------|------------------------------|-------------------|
| At beginning of year | 4,628,895 | 3,769,510 | 8,398,405 |
| Transfer to Profit and Loss Account | <u>1,326,049</u> | <u>2,622,468</u> | <u>3,948,517</u> |
| At end of year | <u>£ 3,302,846</u> | <u>1,147,042</u> | <u>4,449,888</u> |

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1978

- continued -

7. INVESTMENT GRANTS

| | |
|--|----------------|
| At beginning of year | 13,367 |
| Transfer to profit and loss account (note 3) | <u>5,825</u> |
| At end of year | <u>£ 7,542</u> |

8. DEFERRED TAXATION

| | <u>Stock Relief £</u> | <u>Capital Allowances and Timing Differences £</u> | <u>Total £</u> |
|--|-------------------------------|--|--------------------|
| At beginning of year | 1,233,996 | 2,916,004 | 4,150,000 |
| Transfer from P & L Account (note 4) | 521,700 | 2,575,300 | 3,097,000 |
| Adjustments relating to prior periods | 4,304 | 696 | 5,000 |
| At end of year | £ 1,760,000 | 5,492,000 | <u>7,252,000</u> |

9. FIXED ASSETS

| | <u>Freehold Land and Buildings £</u> | <u>Short Leasehold Buildings £</u> | <u>Plant and Equipment £</u> | <u>Total £</u> |
|--|--|--|--------------------------------------|--------------------|
| Cost at 1st July 1977 | 2,071,011 | 40,102 | 7,306,706 | 9,417,819 |
| Additions | 3,687,208 | - | 2,097,054 | 5,784,262 |
| Transfer between Group Companies | - | - | (5,165) | (5,165) |
| Disposals | (3,259) | - | (222,140) | (225,399) |
| At 30th June 1978 | £ 5,754,960 | 40,102 | 9,176,455 | <u>14,971,517</u> |
| Accumulated deprecia- tion at 1st July 1977 | 219,402 | 35,686 | 3,101,620 | 3,356,708 |
| Charge for year | 34,188 | 282 | 786,942 | 821,412 |
| Transfers between Group Companies | - | - | 1,534 | 1,534 |
| Disposals | (3,259) | - | (158,292) | (161,551) |
| At 30th June 1978 | £ 250,331 | 35,968 | 3,731,804 | <u>4,018,103</u> |
| Net book value at 30th June 1978 | £ 5,504,629 | 4,134 | 5,444,651 | <u>10,953,414</u> |
| Net book value at 30th June 1977 | £ 1,851,609 | 4,416 | 4,205,086 | <u>6,061,111</u> |

- continued -

9. FIXED ASSETS (Continued)

Fixed Assets (at cost) include capital work in progress amounting to £6,134,000 at 30th June 1978 which, in accordance with the Company's accounting policy, is not being depreciated.

The rates of depreciation applied in past years have resulted in plant and machinery with an original cost of £1,390,000 (1977 - £1,330,000), being written down to a nominal amount although still in use.

10. INTEREST IN SUBSIDIARIES

Shareholdings :

| | <u>Country of Registration</u> | <u>Class of Shares</u> | <u>Proportion of issued capital held</u> |
|---------------------------------|------------------------------------|----------------------------|--|
| Duncan Flockhart & Co. Ltd. | Scotland | Ordinary | 100% |
| Laminated Plastic Products Ltd. | England | Ordinary | 100% |

11. INVESTMENTS

| | <u>1978</u> £ | <u>1977</u> £ |
|--|------------------|------------------|
| Unquoted, at Cost (less amounts written off) | £ 385 | £ 385 |
| Directors' valuations | £ 385 | £ 385 |

12. STOCKS

These comprise :

| | <u>1978</u> £ | <u>1977</u> £ |
|------------------|--------------------|--------------------|
| Raw Materials | 5,733,064 | 4,607,581 |
| Work-in-Progress | 435,355 | 387,906 |
| Finished Goods | 1,165,223 | 711,254 |
| Other | 488,708 | 414,875 |
| | <u>£ 7,822,350</u> | <u>£ 6,121,616</u> |

13. INTER-GROUP BALANCES

These comprise :

| | <u>1978</u> £ | <u>1977</u> £ |
|------------------------------------|--------------------|--------------------|
| Amounts owing from group companies | 4,721,607 | 7,124,509 |
| Amounts owing to group companies | 1,360,758 | 470,943 |
| | <u>£ 3,360,849</u> | <u>£ 6,653,566</u> |

ALLEN & HANBURY'S LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE, 1978

- continued -

14. CAPITAL COMMITMENTS

| | <u>1978</u> £ | <u>1977</u> £ |
|---|--------------------|--------------------|
| Future capital expenditure: | | |
| Commitments under contracts | 4,124,000 | 6,253,000 |
| Authorised by the directors but not yet contracted for | <u>1,960,000</u> | <u>1,581,000</u> |
| | <u>£ 6,084,000</u> | <u>£ 7,834,000</u> |

15. CONTINGENT LIABILITIES

| | <u>1978</u> £ | <u>1977</u> £ |
|-------------------|------------------|------------------|
| Trade indemnities | <u>£ 5,000</u> | <u>£ 5,000</u> |

16. POST BALANCE SHEET EVENTS

Under an agreement dated 30th June 1978, and as part of the re-organisation of the U.K.-based affairs of the Glaxo Group of Companies, the manufacturing business and substantially all the assets and liabilities of the Company were transferred to Glaxo Operations U.K. Ltd., with effect from 1st July 1978, at the amounts at which they are shown in the books of the Company. The agreement also provides that, as from 1st July 1978, the Company shall engage for and on its own account in the promotion and sale in the U.K. of pharmaceutical products bearing trade names of the Company.

In 1972, the Company made a profit which was credited to Reserves of £3,193,748 on the transfer of interests in certain freehold properties which it occupies, to other Group Companies. These interests are to be transferred back to the Company, and will be written down by £3,193,748 to their original cost. The Reserves of £3,193,748, referred to above, will be transferred to Profit and Loss Account to match this write-down. The properties will then be transferred to Glaxo Operations U.K. Ltd. at their original cost.

17. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Glaxo Holdings Limited, incorporated in England.