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BEECHAM GROUP P.L.C.

REPORT AND ACCOUNTS FOR THE
9 MONTHS ENDED

31 DECEMBER 1989

COMPANY
22 MAY 1990

BOARD OF DIRECTORS

I.M.F. Balfour
J.F. Chappell
H.R. Collum
S.J. Cowden
J.F.B. Hunter
R.S. Petrie

COMPANY SECRETARY AND REGISTERED OFFICE

I.M.F. Balfour
SB House
Brentford
Middlesex
TW8 9BD

DIRECTORS' REPORT

The directors of Beecham Group p.l.c. have pleasure in submitting their report and the accounts for the 9 months ended 31 December 1989.

Holding Company

On the merger of Beecham Group p.l.c. with SmithKline Beckman Corporation, 26 July 1989, the company became a wholly owned subsidiary of SmithKline Beecham p.l.c. The company regards SmithKline Beecham plc, which is incorporated in England, as its ultimate parent company.

Principal Activities

The Beecham Group's principal activities are the research, development, manufacture and marketing of a wide range of human and animal pharmaceutical products. Beecham's products include prescription, over-the-counter ("OTC") medicines, and health-oriented consumer brands.

Accounting Reference Period

The Company has changed its financial year end to 31 December to conform with that of its parent company.

Costs and expenses

The cost of goods sold and selling, general and administrative expenses, expressed as a percentage of overall sales were 43.4 per cent (1988/89 43.4 per cent), and 35.7 per cent (1988/89 32.9 per cent) respectively.

Net interest

Net interest received in the nine months to 31 December 1989 amounted to £23.4 million which compares favourably with the £25.2 million interest received in the previous twelve month period. This improvement is a result of the cash generated by the continuing disposal programme and also the positive cash flow from operations.

Dividends and retentions

The amount available for dividends and retentions is £128.7m. A dividend of 5.1p per share covering the period from 1 April 1989 to 26 July 1989 was paid on 1 September. Further dividends were paid on 29 September 1989 - 26.0p per A share and 6.5p per B share - these dividends together with the pre-merger dividend amounted to £286.6m compared with a total of £121.4m for 1988/89.

The amount paid in dividends during the period exceeded the profit attributable to shareholders for the nine months to 31 December 1989 by £157.9m. This amount of £157.9m was met by a transfer from reserves.

Extraordinary items

Extraordinary items all arose either upon or subsequent to the merger with SmithKline Beckman Corporation.

The extraordinary items consist of a restructuring charge of £245 million and merger transaction costs of £35 million which are partly reduced by a tax benefit of £47 million. The charge is reduced further by profits from business disposals, net of tax, of £127 million.

The restructuring charge is mainly associated with the rationalisation of production and distribution worldwide.

Finance

Increases and changes in the composition of the share capital of the company during the period are set out in note 19 to the accounts on page 24. Borrowings reduced by £143.7m to £221.8m and cash, deposits and investments increased by £102.9m to £838.4m. Overall, at the end of the financial period under review the Group had net funds of £616.6m in continuing businesses compared with £370.0m at 31 March 1989. In addition the businesses in course of disposal at 31 December 1989 held net funds of £2.8m.

Foreign exchange fluctuations

The directors have estimated that sales and trading profit from continuing operations for the 1989 financial period would have been £82.1m and £15.9m lower respectively if the results of overseas companies had been translated into pounds sterling at the average rates of exchange for the 1988/89 financial year.

Capital expenditure

Gross expenditure on land and buildings and plant, equipment and vehicles, during the period amounted to £87.7m.

The analysis of this expenditure by geographical area was as follows:

	1989 £m	1988/89 £m
United Kingdom	44.3	55.2
United States of America	9.8	15.4
Continental Europe	16.7	20.4
Rest of the World	8.6	13.1
	79.4	104.1
Discontinued operations	8.3	13.4
	87.7	117.5

Capital expenditure authorised at the end of the financial period amounted to £69.6m compared with £50.8m at the end of last year.

Directors

The directors of the company at the date of this report are shown on page 1. Messrs Balfour, Chappell, Cowden and Petrie were appointed directors on January 31, 1990.

Mr. R.P. Bauman, Mr. A.R.F. Buxton, Sir Robert Clark, Mr. R.M. Gerber, Dr. P. Jackson, Sir John Kingman, Dr. K.R.L. Mansford, Sir Peter Walters (who was appointed a director on 22 May 1989) and Mr. J. White all resigned as directors on January 31, 1990.

Mr. R.P. Tatman resigned on October 13, 1989.

Mr. J.G. Andress resigned on October 27, 1989.

Directors interests

The director's interests are shown in note 27, page 31.

Employees

Beecham's policies on employee involvement, disabled persons and management training and development are described on page 5.

Subsequent Events

On March 30, 1990 the Beecham Group disposed of the Bovril, Marmite and Ambrosia brands for a cash consideration of £157 million.


As part of the SmithKline Beecham Group's restructuring, ownership of SmithKline Beecham Corporation has been transferred from SmithKline Beecham p.l.c. to SmithKline Beecham Americas Inc. (formerly Beecham Americas Inc. a former subsidiary of Beecham Group p.l.c., now a subsidiary of SmithKline Beecham p.l.c.). SmithKline Beecham Americas Inc. is the holding company for all the U.S. operations of its former parent Beecham Group p.l.c.

The SmithKline Beecham Group has announced its intention to raise, in a private placement, long term preference capital through the issue by SmithKline Beecham Americas Inc. of between U.S.\$ 500 million and U.S.\$ 1 billion of Auction Preferred Shares.

On April 12, 1990 the SmithKline Beecham Group announced that it had reached agreement for the sale of its Yardley/Lentheric cosmetics business, excluding the Yardley/Lentheric business in South Africa, for a total consideration of £110 million.

Auditors

Price Waterhouse are willing to continue in office as auditors and their re-appointment will be dealt with at the annual general meeting.


By Order of the Board
I.M.F. Balfour

Secretary, 27 April 1990

EMPLOYEES

Following the merger of Beecham Group p.l.c. with SmithKline Beckman Corporation the new SmithKline Beecham Group will demonstrate its commitment to involving its employees directly in the business by implementing performance related reward systems wherever practicable and by providing attractive opportunities for share ownership to the majority of employees. With the introduction of new share schemes, employees will be strongly encouraged to identify with, and to participate in, the longer term success of the SmithKline Beecham Group.

In addition, competitive compensation packages will be implemented with the emphasis on providing a direct link between reward and business and individual performance. An integral part of this process is the setting of well-focused objectives for executives and employees, so as to target the successful achievement of the SmithKline Beecham Group's business goals, and in so doing to provide highly competitive rewards for excellence. The benefit programmes will be competitive and cost-sharing, and based on the concept of a partnership between the employee and the SmithKline Beecham Group. This Group is committed to ensuring that a high priority is placed on employee communication processes. The merger has created a heavy additional requirement for information to ensure that all employees fully understand the rationale underlying the merger and to enable employees to start identifying with the values and objectives of the new organisation. As vehicles for this exercise SmithKline Beecham has established a worldwide communications network which provides for the rapid promulgation of information and which fully exploits a range of systems such as electronic messaging, a series of employee publications and worldwide regular bulletins.

The SmithKline Beecham Group places strong emphasis on safety at work, training and development, and anti-discriminatory recruitment and promotion policies. These policies also provide equal opportunities for the training and career development of disabled persons, within their capabilities, and further provide for appropriate training for those who become disabled after the commencement of their employment.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

9 MONTHS ENDED 31 DECEMBER 1989

Notes		9 Months Ended 31 December 1989 £m	Year Ended 31 March 1989 £m
1	Sales		
	Continuing operations	1,603.5	1,902.6
	Operations discontinued and held for sale	476.8	602.4
		2,080.3	2,505.0
	Cost of goods sold	(903.8)	(1,086.4)
	Gross profit	1,176.5	1,418.6
2	Selling, general and administrative expenses	(741.8)	(324.2)
	Research and development expenditure	(112.5)	(134.7)
1+2	Trading profit of continuing operations	273.2	372.4
1+2	Trading profit of discontinued operations and operations held for sale	49.0	87.3
	Share of profits of related companies	4.9	5.9
	Profit before interest and taxation	327.1	465.6
3	Interest (net)	23.4	25.2
	Profit on ordinary activities before taxation	350.5	490.8
4	Tax on profit on ordinary activities	(113.6)	(185.6)
	Profit on ordinary activities after taxation	236.9	305.2
	Minority interests	(2.0)	(4.2)
	Profit before extraordinary items	234.9	301.0
5	Extraordinary items (net)	(106.2)	-
	Profit attributable to shareholders	128.7	301.0
6	Dividends	(286.6)	(121.4)
	Amount retained	(157.9)	179.6

A statement of the movements on reserves is shown in note 20 on page 25.

BALANCE SHEETS

31 DECEMBER 1989

Notes		Group		Company	
		31 December £m	31 March £m	31 December £m	31 March £m
	Employment of capital				
	Fixed assets				
7	Tangible assets	629.5	605.7	322.8	307.5
8	Investments	13.2	11.5	611.7	858.3
		642.7	617.2	934.5	1,165.8
	Current assets				
9	Stocks	309.0	300.4	92.5	96.2
10	Debtors	681.6	460.5	333.0	264.6
11	Assets held pending disposal	182.7	168.0	-	0.1
12	Investments	695.9	651.2	112.9	-
13	Cash at bank and in hand	142.5	84.3	65.7	54.2
		2,011.7	1,664.4	604.1	415.1
	Creditors due within one year				
14	Loans and overdrafts	(89.4)	(238.2)	-	-
15	Other	(1,031.0)	(508.4)	(642.0)	(445.0)
		(1,120.4)	(746.6)	(642.0)	(445.0)
	Net current assets (liabilities)	891.3	917.8	(37.9)	(29.9)
	Total assets less current liabilities	1,534.0	1,535.0	896.6	1,135.9
	Creditors due after one year				
16	Loans	(132.4)	(127.3)	(73.3)	(62.5)
17	Other	(18.9)	(19.5)	(6.7)	(7.4)
18	Provisions for liabilities and charges	(227.2)	(110.9)	(53.1)	(13.6)
		(378.5)	(257.7)	(133.1)	(83.5)
		1,155.5	1,277.3	763.5	1,052.4
	Capital employed				
	Capital and reserves				
19	Called up share capital	190.8	189.8	190.8	189.8
20	Reserves	1,445.0	1,555.9	572.7	862.6
	Shareholders' equity before elimination of goodwill	1,635.8	1,745.7	763.5	1,052.4
21	Goodwill Reserve	(48.1)	(483.7)	-	-
	Shareholders' equity after elimination of goodwill	1,137.7	1,262.0	763.5	1,052.4
	Minority interests	17.8	15.3	-	-
		1,155.5	1,277.3	763.5	1,052.4

I.M.F. Balfour Director

H.R. Collum Director

27 April 1990

SOURCE AND APPLICATION OF FUNDS

9 MONTHS ENDED 31 DECEMBER 1989

9 MONTHS ENDED 31 DECEMBER 1989		9 Months Ended 31 December 1989 £m	Year Ended 31 March 1989 £m
Notes			
	Funds generated from trading:		
	Trading profit	322.2	459.7
	Depreciation	49.2	67.0
	Miscellaneous items, including exchange	(13.6)	1.6
		357.8	528.3
	Changes in working capital:		
	Stocks - (increase)/decrease	5.9	(34.1)
	Debtors - (increase)	(91.2)	(38.7)
	Creditors and provisions - increase	52.6	21.4
		(32.7)	(51.4)
	Changes in fixed assets:		
	Purchases of tangible assets	(79.4)	(117.5)
	Sales of tangible assets	3.9	25.6
		(75.5)	(91.9)
7			
	Cash flow from operations	249.6	385.0
	Interest (net)	23.4	25.2
	Tax paid	(135.2)	(189.6)
	Dividends paid	(362.6)	(110.5)
		(224.8)	110.1
	Cash flow after financing costs and tax	421.3	-
	Changes in inter-co. balances	17.6	4.5
19	Shares issued	93.1	55.5
11	Disposal of businesses	(23.7)	-
	Purchase of goodwill	(42.1)	-
	Extraordinary items paid		
		241.4	170.1
	Net inflow of funds		
	Net funds		
	Net surplus funds at beginning of period	379.8	221.0
	Exchange restatement	(1.8)	(11.3)
	Net inflow of funds	241.4	170.1
		619.4	379.8
	Net surplus funds at end of period		
	Net surplus funds in continuing businesses	616.6	370.0
	Net surplus funds in businesses in course of disposal	2.8	9.8
		619.4	379.8

The movement in net funds in the period represents the difference between the amounts shown in the opening and closing balance sheets. Movements in other categories do not correspond to the change in the balance sheet amounts, as they include assets held pending disposal (see note 11) and the effects of retranslating opening currency balances of overseas subsidiaries at closing exchange rates.

Net funds comprise cash and short term investments less loans and overdrafts.

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, modified for the revaluation of land and buildings, and in accordance with the Companies Act 1985. The Group's accounting policies conform with U.K. accounting standards and principles (U.K. GAAP) and the main policies are described in the paragraphs below.

Basis of consolidation

The consolidated accounts includes the accounts of the Company and its subsidiaries to 31 December 1989. The Group has changed its year-end from 31 March to 31 December. Hence, the profit and loss account and the source and application of funds statement cover the nine month period to December 31, 1989.

The results of acquisitions during an accounting period are included from the date of acquisition and those of businesses sold are included up to the date of disposal. Where a decision has been made to dispose of a business and it remains unsold at a period end, its net assets are disclosed in the balance sheet as assets held pending disposal. The sales and trading profits of operations discontinued and held for sale are shown separately in the profit and loss account.

As permitted by the Companies Act 1985, the Company has not presented its own profit and loss account.

Foreign currencies

Profit and loss accounts of overseas companies are translated into sterling using average rates of exchange applicable to the financial period. The net assets of overseas companies are translated into sterling at the rates of exchange ruling at the balance sheet dates.

Differences arising from changes in exchange rates during the period, insofar as they relate to the net assets of overseas companies and to foreign currency borrowings, are taken directly to reserves. All other exchange differences are taken to the profit and loss account.

The costs and benefits arising from hedging arrangements to mitigate the effect of exchange rate fluctuations on the translation of the profits of overseas companies are dealt with in the profit and loss account in the period in which the related exposure arises.

Sales

Sales are amounts receivable by Group companies for the sale of their products to third party customers and related companies.

Research and development expenditure

Laboratory buildings and equipment used for research and development are included as fixed assets and written off in accordance with the Group's depreciation policy. Other research and development expenditure is written off in the period in which it is incurred.

Advertising and marketing expenditure

Advertising and marketing expenditure is written off as incurred.

Deferred taxation

Deferred taxation is provided on timing differences using the liability method where it is probable that tax liabilities or assets will crystallise within the foreseeable future.

Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of the net tangible assets acquired, has been eliminated in the Group balance sheet against reserves in the year of acquisition.

Profit or loss on disposal of a business is calculated on the full purchase consideration, and, where appropriate, adjustment is made to the profit or loss on disposal in respect of the amount of goodwill previously written off.

Tangible fixed assets and depreciation

Land and buildings are carried at cost or at professional valuation, less depreciation (see Note 7). Other tangible fixed assets are stated at cost less depreciation.

Depreciation has been charged on the cost or valuation of the fixed asset, except freehold land, in equal annual instalments over the estimated useful lives of the assets. The average lives for each major asset category are:

Freehold buildings	20 to 50 years
Leasehold land and buildings	Term of lease
Plant and equipment	10 to 15 years
Vehicles	5 years to 7 years

Leases

An asset acquired under a lease which transfers substantially all the risk and rewards of ownership to the Group is included in tangible fixed assets and depreciated over the shorter of the term of the lease or its useful life. Outstanding obligations due under a lease, net of finance charges, are included as a liability. The finance element of the rental payments is charged to the profit and loss account over the term of the lease.

All other leases are operating leases and the rentals are charged to the profit and loss account as incurred.

Related companies

The Group's share of the profits of related companies is included in the consolidated profit and loss account. Investments in related companies are carried in the consolidated balance sheet at the Group's share of their net tangible assets. A related company is a company in which the Group's interest in the equity voting share capital is less than 50 per cent, held on a long term basis, and where the Group has a significant influence over its commercial and financial policy decisions.

Stocks

Stocks are stated at the lower of cost and net realisable value generally using the first in, first out method of valuation. The cost of finished goods and work in progress comprises raw materials, direct labour and expenses, and related production overheads.

Retirement benefits

(a) Pensions

The Group adopted Statement of Standard Accounting Practice 24 from 1 April 1989. The effect of the change was to reduce pension expense for the nine months to 31 December 1989 by £1.8 million. As permitted by the Standard, surpluses or deficits arising in respect of prior years are being spread over the remaining service lives of employees rather than accounted for as a prior year adjustment; consequently, comparative figures have not been restated.

The cost of providing pension benefits is charged to the profit and loss account over the periods benefiting from the employee's services. The difference between the charge to the profit and loss account and the contributions paid to the retirement plans is shown as an asset or liability in the balance sheet.

(b) Other

The cost of providing other retirement benefits is charged to the profit and loss account when paid.

NOTES TO THE ACCOUNTS

9 MONTHS ENDED 31 DECEMBER 1989

1. Segment information

The analysis of sales and trading profit by business sector and by the geographical area in which each company is located is as follows:

	Sales		Trading Profit	
	1989 £m	1988/89 £m	1989 £m	1988/89 £m
Business sector:				
Continuing operations				
Pharmaceuticals	689.2	802.5	147.7	197.3
Animal Health	85.2	100.4	11.9	15.0
Consumer Brands	329.1	999.7	113.6	160.1
Total continuing operations	1,603.5	1,902.6	273.2	372.4
Operations discontinued prior to 31 December 1989 and operations held for sale	476.8	602.4	49.0	87.3
	2,080.3	2,505.0	322.2	459.7
Geographical area:				
Continuing operations				
United Kingdom				
Home sales	301.9	351.7		
Export sales	184.4	205.7		
United States of America	486.3	557.4	79.5	106.2
Continental Europe	475.7	576.2	112.9	118.4
Rest of the World	559.5	674.6	63.6	101.9
Intra-group sales	230.3	272.1	17.2	42.9
	(148.3)	(177.7)	-	-
Total continuing operations	1,603.5	1,902.6	273.2	372.4
Operations discontinued and held for sale	476.8	602.4	49.0	87.3
	2,080.3	2,505.0	322.2	459.7

NOTES TO THE ACCOUNTS

1. Segment information continued

The analysis of sales by location of customer is as follows:

	1989 £m	1988/89 £m
Continuing operations		
United Kingdom	302.2	352.3
United States of America	468.1	561.5
Continental Europe	549.0	660.5
Rest of the World	284.2	328.3
Total continuing operations	1,603.5	1,902.6
Operations discontinued and held for sale	476.8	602.4
	2,080.3	2,505.0

Group policy is that sales between Group companies are made at prices which ensure a fair profit to each company involved.

Discontinued operations

The analysis of sales and trading profit by business sector and geographical area of the businesses sold during 1989 and 1988/89 or in course of disposal at each period end, is as follows:

	Sales		Trading Profit	
	1989 £m	1988/89 £m	1989 £m	1988/89 £m
Business sector:				
Consumer Brands	155.6	199.8	31.7	41.5
Cosmetics	321.2	402.6	17.3	45.8
Total	476.8	602.4	49.0	87.3
Geographical area:				
United Kingdom	114.6	156.5	17.1	34.8
United States of America	23.3	33.8	2.8	4.2
Continental Europe	254.3	311.1	17.7	34.4
Rest of the World	84.6	101.0	11.4	13.9
Total	476.8	602.4	49.0	87.3

NOTES TO THE ACCOUNTS

2. Trading profit

The following amounts have been charged in arriving at trading profit:

	1989 £m	1988/89 £m
Administrative expenses	140.2	173.8
Distribution Costs	36.5	92.1
Depreciation of tangible fixed assets	55.1	67.9
Operating lease rentals	29.8	22.3
Land and buildings	8.8	9.4
Plant, equipment and vehicles	12.0	12.0
Remuneration of auditors	2.2	2.4
Directors' emoluments (see note 26)	3.1	3.4

3. Interest

	1989 £m	1988/89 £m
Interest payable	(38.4)	(47.0)
Loans wholly repayable within 5 years	(4.7)	(1.9)
Loans not wholly repayable within 5 years	(3.9)	(10.2)
Bank overdrafts and other short term borrowings	(29.8)	(34.9)
Interest receivable on deposits and investments held as current assets	78.4	72.2
Net interest payable on loans with SB Corp. subsidiaries	(16.6)	-
Interest (net)	23.4	25.2

4. Taxation

The charge for profit on ordinary activities comprises:

	1989 £m	1988/89 £m
United Kingdom taxation:		
Corporation tax at 35% (1988/89 35%)	90.5	109.0
Double taxation relief	(49.2)	(35.7)
Advance corporation tax (ACT)	(26.8)	(4.5)
	14.5	68.8
Overseas taxation	97.2	113.8
Overseas related companies	1.9	2.0
	115.6	185.6
Comprising:		
Current tax	146.8	179.1
Prior year item (including ACT)	(23.8)	3.5
Deferred tax	(9.4)	3.0
	113.6	185.6

The net ACT credit in 1989 includes a recovery of ACT written off following the decision in the House of Lords in the case of Collard v Mining and Industrial Holdings Ltd.

NOTES TO THE ACCOUNTS

5. Extraordinary items

	1989 £m	1988/89 £m
Merger transaction expenses	(35.2)	-
Group restructuring and rationalisation costs arising from the Merger	(245.1)	-
Profits on disposal of businesses	137.7	-
	(142.6)	
United Kingdom Corporation	16.8	-
Overseas taxation	19.6	-
	(106.2)	-

6. Dividends

	1989		1988/89	
	Pence per share	£m	Pence per share	£m
Payable to the ordinary shareholders of Beecham Group p.l.c.				
First interim dividend - paid	-	-	6.3p	47.8
Second interim dividend - payable	-	-	9.7p	75.6
Pro-rata dividend to date of the merger			-	-
- paid	5.1p	38.7	-	-
Dividend to SmithKline Beecham plc				
A shares - paid	26.0p	198.3	-	-
B shares - paid	6.5p	49.6	-	-
	37.6	286.6	16.0p	121.4

The first interim dividend for 1988/89 as stated above includes dividends taken in the form of shares amounting to £2.5m, under the arrangements approved by shareholders at the 1988 annual general meeting.

NOTES TO THE ACCOUNTS

7. Tangible fixed assets

	Land and buildings			Plant, equipment and vehicles			Assets in course of construction	Total
	Cost or Valuation £m	Depreciation £m	Net book amount £m	Cost £m	Depreciation £m	Net book amount £m	Cost £m	Net book amount £m
Group								
At beginning of period	309.1	8.9	301.1	563.1	376.1	287.0	17.6	605.7
Exchange adjustments	16.0	0.7	15.3	30.4	19.0	11.4	0.3	27.0
Assets held pending disposal	(13.2)	(0.5)	(12.7)	(52.7)	(35.2)	(17.5)	0.7	(29.5)
Additions	7.7	-	7.7	50.0	-	50.0	21.7	79.4
Reclassifications	3.4	(0.1)	3.5	14.0	0.1	13.9	(17.4)	-
Sales	(0.5)	-	(0.5)	(11.3)	(8.3)	(3.0)	(0.4)	(3.9)
Depreciation for period	-	6.0	(6.0)	-	43.2	(43.2)	-	(49.2)
At end of period	322.5	14.1	308.4	693.5	394.9	298.6	22.5	629.5
Company								
At beginning of period	154.7	4.1	150.6	317.5	172.8	144.7	12.2	307.5
Additions	3.6	-	3.6	26.3	-	26.3	13.2	44.1
Reclassifications	3.8	-	3.8	6.8	-	6.8	(10.6)	-
Sales	(0.5)	-	(0.3)	(7.2)	(5.2)	(2.0)	(0.2)	(2.5)
Depreciation for period	-	3.1	(3.1)	-	22.2	(22.2)	-	(25.3)
At end of period	161.8	7.2	154.6	343.4	189.8	153.6	14.6	322.8

The Group's properties worldwide (other than certain small properties) were professionally valued on the basis of open market value for their existing use or, in the case of certain specialist properties, on a depreciated replacement cost basis by Messrs. Jones Lang Wootton, Chartered Surveyors, London, as at 31 March 1988.

NOTES TO THE ACCOUNTS

7. Tangible fixed assets continued

	Group		Company	
	31 December £m	31 March £m	31 December £m	31 March £m
The total at cost or valuation for land and buildings comprises:				
At 1988 professional valuation	284.0	284.2	142.6	144.4
At cost	38.5	24.9	19.2	10.3
	322.5	309.1	161.8	154.7

	Group		Company	
	31 December £m	31 March £m	31 December £m	31 March £m
The revalued land and buildings, stated on an historical cost basis, comprise:				
Cost	219.1	223.1	108.3	107.9
Accumulated depreciation	(53.4)	(50.9)	(22.7)	(20.6)
	165.7	172.2	85.6	87.3
Depreciation for period	1.7	5.9	2.1	2.5

	Group		Company	
	31 December £m	31 March £m	31 December £m	31 March £m
Land and buildings at cost or valuation comprise:				
Freeholds	305.6	293.4	158.5	151.8
Long leases (over 50 years unexpired)	6.4	6.2	2.3	2.2
Short leases	10.5	9.5	1.9	0.7
	322.5	309.1	161.8	154.7

Group fixed assets included at a cost of approximately £167m (31 March 1989 £158m) have been fully depreciated although they were still in use at the period end.

NOTES TO THE ACCOUNTS

8. Investments held as fixed assets

	Related companies (listed)		Related company (unlisted)		Total
	Shares at cost £m	Retained profits £m	Shares at cost £m	Retained profits £m	£m
Group					
At beginning of period	4.5	3.2	0.7	3.1	11.5
Exchange adjustments	-	-	-	0.1	0.1
Share issue capitalised	0.5	(0.5)	-	-	-
Share of retained profits for period	-	0.4	-	0.7	1.6
At end of period	5.0	3.6	0.7	3.9	13.2

	Related companies (listed) (unlisted)		Group companies		Total
	Shares at cost £m	Shares at cost £m	Shares at cost £m	Loans £m	£m
Company					
At beginning of period	1.6	-	486.2	370.5	858.3
Exchange adjustments	-	-	-	6.6	6.6
Additions	0.5	6.0	142.1	-	148.6
Reductions	-	-	(150.3)	(251.5)	(401.8)
At end of period	2.1	6.0	478.0	125.6	611.7

The market value of listed investments in related companies on the basis of overseas stock exchange quotations was Group £62.5m (31 March 1989 £46.1m); Company £5.4m (31 March 1989 £3.4m).

Dividends received from related companies amounting to £1.1m (1988/89 £1.2m) are included in the Group's share of their profits.

The principal subsidiary and related companies of the Company are shown on pages 33 and 34.

NOTES TO THE ACCOUNTS

9. Stocks

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Raw materials and consumables	94.3	85.5	32.1	28.4
Work in progress	106.2	110.9	32.5	38.5
Finished goods and goods for resale	108.5	104.0	1.0	29.3
	309.0	300.4	92.5	96.2

10. Debtors

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Falling due within one year:				
Trade debtors	424.1	324.5	107.2	85.6
Amounts owed by group companies	-	-	198.0	135.8
Amounts owed by SB Corp. and subsidiaries	17.5	-	0.7	-
Amounts owed by related company	0.3	0.4	0.3	0.4
Proceeds from disposal of businesses	65.8	-	-	-
Other debtors	49.2	31.1	15.3	6.3
Prepayments and accrued income	26.9	25.2	7.0	4.9
	583.8	391.2	328.5	233.0
Falling due after more than one year:				
Trade debtors	9.2	2.1	-	1.9
Proceeds from disposal of businesses	14.8	12.3	-	-
Other debtors	19.3	17.2	-	-
Prepayments and accrued income	2.3	2.2	-	0.1
Deferred taxation, including advance corporation tax	61.2	45.5	4.5	29.6
	97.8	79.3	4.5	31.6
	681.6	460.5	333.0	264.6

NOTES TO THE ACCOUNTS

11. Disposal of businesses

	1989 £m	1988/89 £m
Proceeds from disposals	102.3	64.8
Cash received from disposals	(9.2)	(9.3)
Expenses and provisions		
	93.1	55.5
Amount included in debtors	67.7	12.3
	160.8	67.8

The principal disposals in 1989 were UHF adhesives and North American Household Products
Assets held pending disposal

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Tangible fixed assets	17.9	61.8	-	0.1
Stocks	109.0	109.4	-	-
Debtors	130.1	114.4	-	-
Cash less borrowings	2.8	9.3	-	-
Creditors and provisions	(140.1)	(127.4)	-	-
	182.7	163.0	-	0.1

The assets held pending disposal at 31 December 1989 comprised the Group's remaining cosmetics and fragrances businesses and certain other non-core businesses, principally the Ambrosia, Bovril and Marmite brands.

12. Investments held as current assets

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
SmithKline Beecham plc unsecured loan stock 1990/92	693.1	-	112.9	-
Sterling floating rate notes and commercial paper	-	320.2	-	-
U.S. Dollar floating rate notes and commercial paper	-	299.5	-	-
Deutschebank floating rate notes and commercial paper	-	18.0	-	-
Overseas securities at cost:				
Listed	0.4	7.4	-	-
Unlisted	2.4	13.1	-	-
	695.9	651.2	112.9	-
Market value of unsecured loan stock, floating rate notes and commercial paper	692.4	637.7	112.9	-
Market value of overseas listed securities	0.4	0.4		

NOTES TO THE ACCOUNTS

13. Cash at bank and in hand

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Short-term deposits	112.4	56.1	3.1	0.3
Bank balances and cash	30.1	28.2	62.6	53.9
	142.5	84.3	65.7	54.2

14. Loans and overdrafts - amounts falling due within one year

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Loans or instalments thereof repayable within one year (see note 16)	9.6	5.8	-	-
Short-term bank loans and overdrafts:				
Secured on current assets	2.2	1.7	-	-
Unsecured	77.6	230.7	-	-
	89.4	238.2	-	-

15. Other creditors - amounts falling due within one year

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Payments received on account	1.0	1.0	0.1	0.1
Trade creditors	140.7	127.6	57.9	55.7
Bills of exchange payable	9.4	6.8	-	-
Amounts owed to group companies	-	-	477.1	192.2
Amounts owed to SB plc, and SB Corp. and its subsidiaries	438.8	-	-	-
Corporate taxation	80.1	128.1	16.7	90.1
Other taxes and social security	25.7	20.7	6.3	3.8
Restructuring costs	177.2	-	35.9	-
Other creditors	68.0	29.9	6.5	2.9
Accruals and deferred income	150.1	120.7	41.5	26.6
Dividends	-	73.6	-	73.6
	1,031.0	508.4	642.0	445.0

NOTES TO THE ACCOUNTS

16. Loans - amounts falling due after more than one year

		Group		Company	
	Latest repayment date	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Debtenture loans and bank loans:					
Sterling					
Fixed rate					
Obligations under finance leases		0.5	-	-	-
		0.5	-	-	-
Foreign currencies					
Fixed rate					
7 3/8% Deutschmark bonds	1994	73.3	62.5	73.3	62.5
8 1/2% to 12 7/8% U.S. dollar notes	1990/99	38.1	41.0		
Bank loans		13.3	14.8		
Other loans		0.7	0.8		
Floating rate					
Libre bank loans	1990	1.5	1.4		
Bank loans		5.1	3.6		
Other loans		9.5	9.0		
		141.5	133.1	73.3	62.5
Total loans					
Repayable within one year (see note 14)		142.0 (9.6)	133.1 (5.8)	73.3 -	62.5 -
		132.4	127.3	73.3	62.5
The latest repayment dates for loans or instalments thereof are as follows:					
Beyond 5 years					
Debtenture - instalments		6.2	71.0		62.5
- instalments		16.1	19.4		
Bank loans - instalments		4.5	4.9		
Between 2 and 5 years					
Debtentures		86.9	13.4	73.3	
Bank loans		4.5	11.4		
Between 1 and 2 years					
Debtentures		5.1	4.8		
Bank loans		9.1	2.4		
		132.4	127.3	73.3	62.5
Aggregate of loans repayable by instalments any of which fall due beyond 5 years					
		48.9	47.6	-	-

Loans of £2.7m (31 March 1989 £2.6m) are secured, mainly on fixed assets. Most loans can be repaid at an earlier date at the borrower's option.

NOTES TO THE ACCOUNTS

17. Other creditors - amounts falling due after more than one year

	Group		Company	
	31 December 1989	31 March 1989	31 December 1989	31 March 1989
	£m	£m	£m	£m
Corporate taxation	6.0	4.9	-	-
Other creditors	5.9	7.3	0.2	0.2
Deferred income - capital grants	7.0	7.3	6.5	7.2
	18.9	19.5	6.7	7.4

18. Provisions for liabilities and charges

	31 December 1989	Profit and loss account 1989	Other move- ments	31 March 1989
	£m	£m	£m	£m
Group				
Unfunded cost of providing pensions mainly for overseas employees (including £1.4m - 31 March 1989 £1.3m-set aside to fund pensions in respect of former directors)	20.9	1.1	(7.4)	23.2
Restructuring costs	151.0	246.9	(123.0)	27.1
Statutory retirement and severance pay for overseas employees	15.0	2.0	1.3	11.7
Deferred taxation	18.1	(2.1)	1.0	19.2
Other	22.2	(0.3)	(3.2)	25.7
	227.2	27.6	(131.3)	110.9

Other movements include £117.2 million transferred to creditors due within one year

	Company			
	31 December 1989	31 March 1989	31 December 1989	31 March 1989
	£m	£m	£m	£m
Restructuring costs	50.7	49.9	(0.8)	1.6
Deferred taxation	1.6	(5.1)	-	6.7
Other	0.8	(2.5)	(2.0)	5.3
	53.1	42.3	(2.8)	13.6

	Group		Company	
	31 December 1989	31 March 1989	31 December 1989	31 March 1989
	£m	£m	£m	£m
Deferred taxation				
Provisions included in the accounts:				
U.K. capital allowances utilised in excess of depreciation charged	0.3	1.2	0.3	1.2
Other timing differences	19.0	22.5	2.4	10.0
Advance corporation tax recoverable	(1.2)	(4.5)	(1.2)	(4.5)
	18.1	19.2	1.5	6.7

Potential liabilities and recoveries not provided in the accounts:

U.K. capital allowances utilised in excess of depreciation charged	55.0	52.3	52.0	49.0
Other timing differences	(8.3)	(7.9)	(1.9)	(1.2)
	46.7	44.4	50.1	47.8

Amount of advance corporation tax written off and available for offset against future U.K. tax liabilities

	5.3	31.2	-	24.2
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NOTES TO THE ACCOUNTS

19. Called up share capital

	31 December 1989 £m	31 March 1989 £m
Authorised	-	250.0
1,000,000,000 Ordinary shares of 25p each	200.0	-
1,000,000,000 A shares of 20p each	50.0	-
1,000,000,000 B shares of 5p each	-	-
Issued and fully paid - 762,973,498 of 20p each	152.6	-
- 762,973,498 of 5p each	38.2	-
31 March 1989 759,055,544 of 25p each	-	189.8

Under the Scheme of Arrangement to effect the merger, the ordinary 25p shares of the Company were subdivided into A shares of 20p each and B shares of 5p each. The share capital was thereupon reduced by the cancellation of these shares and immediately following the reduction of capital taking effect the share capital of the Company was increased to its former amount by the creation of such amount of A shares of 20p each and B shares of 5p each as were equal to the number of A and B shares respectively cancelled.

	Number of shares	Nominal value £m	Share premium £m	Consid- eration £m
Details of shares of 20p and 5p allotted during the period:				
Exercise of options under the executive share option schemes	3,932,006	1.0	16.5	17.5
Shares issued under employee share scheme	17,749	-	0.1	0.1
	3,949,755	1.0	16.6	17.6

Share Options

Between 1 January 1990 and 23 January 1990, 86,518 A and B shares were issued under the Beecham Executive Share Option Schemes and 149,397 A and B shares were issued under the 1988 Savings Related Share Option Scheme. At 23 January 1990 all unexercised options over Beecham Group p.l.c. shares lapsed.

NOTES TO THE ACCOUNTS

20. Reserves

	Share premium £m	Re- valuation reserve £m	Other reserves £m	Profit and loss account £m	Related companies' reserves £m	Total reserves £m	1988/89 £m
Group							
At beginning of period:	4.5	107.7	297.7	1,139.7	8.3	1,555.9	1,370.2
Movements in period:							
Amount retained for the period				(159.5)	1.6	(157.9)	179.6
Exchange adjustments		5.5		31.7	9.1	37.3	15.6
Premiums on share issues, less expenses	16.6					16.6	3.9
Dividends taken in scrip form							4.6
Goodwill amortisation reinstated on disposals				(3.5)		(3.5)	(5.8)
Revaluation reserve		(4.3)		6.9		(3.4)	(12.2)
At end of period	21.1	108.9	297.7	1,009.3	8.0	1,445.0	1,555.9
Company							
At beginning of period	4.5	54.2	314.7	489.2		862.6	
Movements in period:							
Amount retained for the period				(306.8)		(306.8)	
Premiums on share issues, less expenses	15.6					16.6	
Scrip issue capitalised			0.5			0.5	
Revaluation reserve		(0.5)		0.1		(0.2)	
At end of period	20.1	53.7	315.2	182.7		572.7	

The Company's share premium, revaluation reserve and other reserves are not available for distribution.

The reserves of overseas subsidiary and related companies include £199m (31 March 1989 £122.5m) which is currently not available for distribution to the Company due to local statutory, requirements contractual or exchange control restrictions.

Net exchange losses of £11.9m (Group) and losses of £9.7m (Company) on foreign currency loans less deposits have been taken to reserves.

NOTES TO THE ACCOUNTS

20. Reserves continued

No provision has been made for taxation liabilities which would arise on the distribution of profits retained by overseas subsidiary and related companies as, in the main, the profits are permanently employed in the business.

21. Goodwill reserve

	31 December 1989 £m
Group	
Goodwill eliminated brought forward	483.7
Additions	23.7
Disposals	(9.3)
Goodwill eliminated carried forward	498.1

The additions mainly consist of the purchase of trademarks in Continental Europe.

22. Commitments

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
Capital expenditure authorised by the Directors:				
Committed	37.1	26.0	20.7	15.6
Not yet committed	32.7	24.8	16.6	14.2
	69.6	50.8	37.3	29.8
Lease commitments due, mainly in respect of land and buildings:				
Within one year	18.5	17.5	1.3	1.2
Between 2 and 5 years	31.4	33.2	2.8	2.7
Beyond 5 years	47.4	35.6	17.0	5.4
	97.3	86.3	21.1	9.3

NOTES TO THE ACCOUNTS

23. Contingent liabilities

Contingent liabilities existed at 31 December 1989 in connection with guarantees given by the Company on behalf of its subsidiaries and other guarantees and contingencies arising in the ordinary course of business. These are not expected to give rise to any material financial loss. In addition, there existed litigation and other potential issues, including U.S. environmental matters, which so far as they are not provided in the accounts, are not considered material to the Group or Company.

	31 December 1989 £m	31 March 1989 £m
(i) Amount outstanding against guarantees given by the Company on behalf of its subsidiaries in respect of their loans	131.6	189.2

	Group		Company	
	31 December 1989 £m	31 March 1989 £m	31 December 1989 £m	31 March 1989 £m
(ii) Other contingent liabilities mainly in respect of bills discounted and bank guarantees for which no provision is considered necessary	18.8	14.2	6.0	3.9

NOTES TO THE ACCOUNTS

24. Employees

The average number of people employed by the Group analysed by the geographical area in which they are located, and including those employed in operations held for sale, was as follows:

	1989	1988/89
United Kingdom	11,900	11,400
United States of America	4,500	4,800
Continental Europe	11,400	11,500
Rest of the World	7,400	7,500
	35,100	35,200
The total employment costs were	£m	£m
Salaries and wages	399.4	472.6
Social security contributions	63.4	81.2
Pension benefits	21.0	25.0
	483.8	578.8

The number of employees of Beecham Group plc who earned more than £30,000 in the period, excluding those who worked wholly or mainly outside the United Kingdom was as follows:

Gross emoluments	Number of employees		Gross emoluments	Number of employees	
	1989	1988/89		1989	1988/89
30,001 - 35,000	23	98	85,001 - 90,000	4	1
35,001 - 40,000	26	66	90,001 - 95,000	1	1
40,001 - 45,000	24	45	95,001 - 100,000	1	6
45,001 - 50,000	18	19	100,000 - 105,000	1	-
50,001 - 55,000	10	17	105,001 - 110,000	1	1
55,001 - 60,000	1	10	110,001 - 115,000	-	3
60,001 - 65,000	2	12	115,001 - 120,000	1	-
65,001 - 70,000	4	7	120,001 - 125,000	1	1
70,001 - 75,000	6	6	125,001 - 130,000	-	1
75,001 - 80,000	1	4	130,001 - 135,000	-	1
80,001 - 85,000	2	5	135,001 - 140,000	-	-
			140,001 - 145,000	1	-

NOTES TO THE ACCOUNTS

25. Pensions

The Group adopted Statement of Standard Accounting Practice 24 from 1 April 1989. The effect of the change was to reduce pension expense for the period by £1.8m. As permitted by the Standard, adjustments arising in respect of prior years are being spread over the remaining service lives of employees rather than accounted for as a prior year adjustment; consequently, comparative figures have not been restated. The Group operates a number of pension schemes throughout the world. The major schemes, covering over 65% of scheme members, are in the United Kingdom, the United States of America and Germany and certain specific disclosure requirements under the standard have therefore been limited to these locations. The U.K., U.S.A. and German schemes are all of the defined benefit type. The assets of both the U.K. and the U.S.A. schemes are held in separate trustee administered funds. Due to local conditions and practice, the Group's pension funds in Germany are not externally funded.

The total pension cost for the Group was £21.0 million (1988/89 £25.0 million) of which £15.1 million relates to the schemes in the U.K., the U.S.A. and Germany. The pension cost relating to these schemes is assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The date of the latest actuarial assessment of the schemes was 1 April 1989 in the U.K. and Germany, and 1 January 1989 in the U.S.A. The results of the most recent valuations of the principal schemes were:

	U.K.	U.S.A.	Germany
Main assumptions			
Investment return	9.0%	10.25%	N/A
Salary increases p.a.	7.5%	6.0%	4.0%
Pension increases p.a.	4.0%	-	2.0%
Discount rate	9.0%	8.75%	7.0%
Market valuation of investments at last valuation date (£m)	259.9	76.9	N/A
Level of funding being the actuarial value of assets expressed as a percentage of the accrued service liabilities	102%	137%	N/A
Regular Pension Cost (£m)	10.9	(0.6)	4.7
Variations from regular cost (£m)	0.5	(1.1)	0.7
Total pension cost for nine months to 31 December 1989 (£m)	11.4	(1.7)	5.4

In other locations, the Group also makes contributions to various pension plans which cover the majority of employees. The plans are devised in accordance with the local conditions and practices in the country concerned. The contributions are based upon periodic actuarial calculations and are charged against profit as incurred. The adoption of the provisions of SSAP 24 to these plans would not result in any material change to the Group's pension charge. The plans are generally funded by payments to insurance companies or trusts whose assets are separately administered from those of the Group. Where due to local conditions certain funds are not externally funded, appropriate provisions are made in the accounts.

NOTES TO THE ACCOUNTS

25. Pensions continued

A provision of £20.9 million (31 March 1989 £27.2 million) is included in creditors, this being the excess of the accumulated pension cost over the amount funded (see note 18). Of this total £20.0 million (31 March 1989 £24.5 million) related to the liabilities in Germany which are not externally funded.

In addition to pension benefits, substantially all employees in the United States become eligible for certain healthcare and life insurance benefits upon retirement. The cost of providing these benefits is recognised as an expense in the year in which payments are made.

26. Directors' emoluments

The total emoluments of the Directors for the period, including pension contributions, were £3,103,727 (1988/89 £3,379,681) including £111,885 (1988/89 £78,129) in respect of Directors' fees. Payments were made to former Directors totalling £102,533 (1988/89 £281,113) including £96,743 (1988/89 £131,113) in respect of unfunded pensions.

The table below shows the number of Directors, other than those who worked wholly or mainly outside the United Kingdom, whose emoluments during the period, excluding pension contributions, were within the bands stated. Three of the Directors (1988/89 five) were Directors for part of the period only.

Gross emoluments £	Number of Directors		Gross emoluments £	Number of Directors	
	1989	1988/89		1989	1988/89
5,001 - 10,000	-	2	180,001 - 185,000	1	-
15,001 - 20,000	1	3	190,001 - 195,000	-	1
20,001 - 25,000	3	-	205,001 - 210,000	1	-
45,001 - 50,000	-	1	210,001 - 215,000	-	1
50,001 - 55,000	1	-	220,001 - 255,000	1	-
115,001 - 120,000	-	1	230,001 - 235,000	1	-
125,001 - 130,000	-	1	250,001 - 255,000	1	-
135,001 - 140,000	-	1	255,001 - 260,000	-	1
160,001 - 165,000	-	1	785,001 - 790,000	1	-
165,001 - 170,000	1	-	835,001 - 840,000	-	1
175,001 - 180,000	-	1			

The emoluments of the Chairman included above were £788,244 (1988/89 £835,755).

NOTES TO THE ACCOUNTS

27. Directors' Interests

The following beneficial interests of the directors in Beecham Group plc are shown in the register maintained by the Company in accordance with the Companies Act 1985.

	Ordinary Shares	
	31.12.89	1.4.89
R.P. Bauman	-	5,220
A.R.F. Buxton	-	2,770
Sir Robert Clark	-	2,453
H.R. Collum	-	2,500
R.M. Gerber	-	449
J.F.B. Hunter	-	10,160
P. Jackson	-	1,000
Sir John Kingman	-	421
K.R.L. Mansford	-	10,317
Sir Peter Walters	-	-
J. White	-	500

On 26 July 1989, each Ordinary Share in Beecham Group plc was exchanged for 0.8784 'A' Ordinary Shares of 25p par value in SmithKline Beecham plc and £1.75 principal amount of SmithKline Beecham plc Unsecured Loan Stock 1990/92.

At 31 December 1989, Mr. R.M. Gerber held 386 Ordinary Shares in SmithKline Beecham plc. All other directors at 31 December 1989 were also directors of SmithKline Beecham plc, the ultimate parent company, and their interests in the shares and Unsecured Loan Stock of that company are shown in the 1989 Annual Report of SmithKline Beecham plc.

During or at the end of the financial period no director or connected person had any material interest in any contract of significance, in relation to the Group's business, with a Group company.

Beecham Group plc

AUDITORS' REPORT

To the members of Beecham Group p.l.c.

We have audited the financial statements on pages 6 to 31 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1989 and the profit and source and application of funds of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
Southwark Towers
32 London Bridge Street
London SE1 9SY

27 April 1990

PRINCIPAL UNITS

Pharmaceuticals

COUNTRY		COUNTRY	
United Kingdom	Beecham Animal Health Beecham Pharmaceuticals Beecham Products Overseas Beecham Research International Beecham Toiletries and Health Care - U.K.	Malaysia	Beecham Products (Far East) Sdn. Bhd.
Australia	Beecham (Australia) Pty. Ltd.*	Mexico	Beecham Farmaceutica S.A. de C.V.*
Austria	Beecham Pharma Ges.m.b.H.	Netherlands	Beecham Farma B.V.* Beecham Products B.V.*
Belgium	Beecham Pharma S.A. Beecham S.A. Fournex N.V.*	New Zealand	Beecham (New Zealand) Ltd*
Brazil	Laboratorios Beecham Ltda.*	Nigeria	Beecham Ltd. (40%)
Canada	Beecham Canada Inc.* Beecham Laboratories Inc.*	Pakistan	Beecham Pakistan (Private) Ltd (60%)
France	Beecham Departement Veterinaire S.A. Beecham Products France S.A. Laboratoires Neolal' S.A. Les Laboratoires Beecham S.A.*	Portugal	Beecham Portuguesa Productos Farmaceuticos e Quimicos Lda.
Greece	Beecham Hellas C.I.S.A.	Singapore	Beecham (Manufacturing) Singapore Pte. Ltd. Beecham Pharmaceuticals (Pte.) Ltd.*
Ireland	Beecham Laboratories Ltd.* Beecham of Ireland Ltd.*	South Africa	Beecham Pharmaceuticals (Pty.) Ltd Beecham South Africa (Pty.) Ltd.*
Italy	Beecham Italia S.p.A. (51%)* Societa Italo-Britannica L. Manetti-H. Roberts & C. per Azioni (50%)* Dr.Lo Zambelletti S.p.A. (99%)*	Spain	Laboratorios Beecham S.A.* Zambelletti Espana S.A.*
Japan	Beecham Yakuhin K.K.	Switzerland	Beecham A.G.
		U.S.A.	Beecham Inc.* Beecham Laboratories Beecham Products Marcliff Thayer Inc.*
		Venezuela	Beecham (Venezuela) S.A.*
		West Germany	Beecham-Wulfsing G.m.b.H. & Co. A.G.* Fink G.m.b.H.* Lingner + Fischer G.m.b.H.*

PRINCIPAL UNITS

Consumer Brands

COUNTRY		COUNTRY	
United Kingdom	Beecham Bovril Brands Beecham Products Ltd.* Beecham Products Overseas Beecham Toiletries and Health Care - U.K. Horlicks Ltd.	Malaysia	Beecham Products (Far East) Sdn. Bhd.
Austria	Odol-Pharmakon Ges.m.b.H. & Co O.H.G.	Mexico	Beecham de Mexico S.A. de C.V.*
Brazil	Laboratorios Beecham Ltda.*	Netherlands	Beecham Products B.V.*
Canada	Beecham Canada Inc.*	Nigeria	Beecham Ltd. (40%)
Denmark	Beecham-Lamco A/S	Singapore	Beecham (Manufacturing) Singapore Pte. Ltd.
France	Beecham Products France S.A.	South Africa	Beecham South Africa (Pty.) Ltd.#
Hong Kong	Beecham Products (Hong Kong) Ltd.	Spain	Williams Hispania S.A. (50%)
India	HTM Ltd. (40%)*	U.S.A.	Beecham Inc.*# Beecham Products
Ireland	Beecham of Ireland Ltd.*	Venezuela	Beecham (Venezuela) S.A.*
Italy	Beecham Italia S.p.A. (51%)* Socie' a Italo-Britannica I. Manetti-H. Roberts & C. per Azioni (50%)*#	West Germany	Fink G.m.b.H.* Lingner + Fischer G.m.b.H.*

- (i) Equity capital in companies is wholly owned (unless otherwise stated, where the Beecham Group's percentage ownership is shown). Investments in companies are held by Beecham Group p.l.c. or, where marked*, by its subsidiaries.
- (ii) The country under which each company appears is both the country of incorporation and of its principal operations.

- (iii) The subsidiaries marked # are those which in the opinion of the directors, principally affected the amount of the profit or the assets of the Beecham Group. In addition to the companies shown in the above list the Group also holds investments in many other subsidiary and related companies; details of all Group companies will be annexed to the Company's next annual return in compliance with Section 231 and Parts I and II of Schedule 5 of the Companies Act 1985.