

Leading the fight against disease worldwide



Glaxo Wellcome is a research-based company whose people are committed to fighting disease by bringing innovative medicines and services to patients throughout the world and to the healthcare providers who serve them.

Glaxo Wellcome plc is an English public limited company, whose shares are listed on Stock Exchanges in London, New York, Tokyo and Paris.

This report is the Annual Report & Accounts of the company for the year ended 31st December 1997. It comprises in a single document the Annual Report of the company in accordance with United Kingdom requirements and the Annual Report on Form 20-F to the Securities and Exchange Commission in the United States of America.

A summary report on the year, the Annual Review 1997, is produced as a separate document and is issued to shareholders unless they have elected to receive the full Annual Report & Accounts. The Annual Review includes the Chairman's statement, the Chief Executive's statement, a summary review of activities, summary accounts and summary remuneration report.

In accordance with requirements under the company's listing on the Tokyo Stock Exchange, an Annual Securities Report (Form No. 8) will be filed with the Minister of Finance of Japan on or before 31st May 1998.

Front cover image: Dr Ma Xiu-Yun, chief physician at the Di-Tan Hospital in Beijing, who has been involved with the phase III clinical trials of lamivudine in China.

The Queen's Award for Technological Achievement 1996 was won by Glaxo Wellcome for the anti-migraine



Contents

Glaxo Wellcome plc Annual Report and Accounts Annual Report on Form 20-F for the year ended 31st December 1997

	Page		Page		Page
Report of the Directors		Annual accounts		Shareholder information	
Financial summary	03	Directors' statements of responsibility	40	Share capital	98
Chairman's statement	04	Reports by the auditors	41	Glossary of terms	104
Chief Executive's statement	06	Consolidated profit and loss account	42	Financial calendar and addresses	105
Operating review	08	Consolidated balance sheet	43	Index	106
Financial review	22	Consolidated cash flow statement	44		
The Board and committees	37	Statement of total recognised gains and losses	45		
Corporate governance	38	Reconciliation of movements in equity shareholders' funds	45		
		Company balance sheet	46		
		Notes on the accounts	47		
		Principal financial statements in US format	82		
		Financial record	84		
		Principal subsidiary and associated undertakings	88		
		Report of the Remuneration Committee	90		

Cross reference to Form 20-F

The information in this document that is referenced in the following table shall be deemed to be filed with the Securities and Exchange Commission for all purposes.

Item	page	Item	page	Item	page
1 Description of business		7 Taxation		14 Description of securities to be registered	n/a
General	8	Taxation for US residents	102-103		
World market	9			15 Defaults on senior securities	n/a
Sales profile	9	8 Selected financial data			
Products	10-11	Selected financial data	22	16 Changes in securities and changes in security for registered securities	n/a
Marketing and distribution	12	Holders of American Depositary Shares	101		
Competition	12	Exchange rates	103		
Research and development	13-16			17 Financial statements	n/a
Intellectual property	17	9 Management's discussion and analysis of financial condition and results of operations			
Manufacture and supply	18	Financial review	23-36	18 Financial statements	
Regulation	18			Directors' statements of responsibility	40
Chlorofluorocarbons	18			Reports by the auditors	41
		9A Quantitative and qualitative disclosure about market risk		Consolidated profit and loss account	42
2 Description of property		Treasury policies	30-31	Consolidated balance sheet	43
Research and development – General	13			Consolidated cash flow statement	44
Manufacture and supply	18	10 Directors and officers of registrant		Statement of total recognised gains and losses	45
Notes on the accounts – Note 12	54	The Board and committees	37	Reconciliation of movements in equity shareholders' funds	45
Notes on the accounts – Note 27	67	Corporate governance	38-39	Company balance sheet	46
		Report of the Remuneration Committee	90	Notes on the accounts	47-81
3 Legal proceedings				19 Financial statements and exhibits	
Legal proceedings	19	11 Compensation of Directors and officers		(A)	See Item 18
		Report of the Remuneration Committee	90-97	(B)	n/a
4 Control of registrant					
Control of company	100	12 Options to purchase securities from registrant or subsidiaries			
Directors and officers	100	Notes on the accounts – Note 23	60		
		Report of the Remuneration Committee	96		
5 Nature of trading market					
Nature of trading market	99	13 Interest of management in certain transactions			
Analysis of shareholdings at 31st December 1997	100	Report of the Remuneration Committee	97		
6 Exchange controls and other limitations affecting security holders					
Exchange controls and other limitations affecting security holders	98				

Forward-looking statements: Readers are referred to the paragraph on forward-looking statements on page 29 for cautionary language accompanying the forward-looking statements set out: in the Outlook section on page 29; in the Chairman's statement on page 04; in the Chief Executive's statement on page 06; in the Operating review on page 13; and in the Financial review on pages 23, 24, 28, 29, 30 and 31.

Financial summary

Financial results

	1997 £m	1996 £m	Increase/(Decrease)	
			£%	CER %
Sales	7,980	8,341	(4)	5
Trading profit representing trading margin of	2,822 35.4%	3,132 37.5%	(10)	(1)
Net interest payable	123	187		
Profit before taxation	2,686	2,964	(9)	-
Tax rate	30.5%	31.5%		
Earnings/Net income	1,850	1,997	(7)	3
Earnings per Ordinary Share	52.0p	56.7p	(8)	2
Dividends per Ordinary Share	35.0p	34.0p	3	

Summary balance sheet

	At 31.12.97 £m	At 31.12.96 £m
Net operating assets	3,289	3,250
Net debt	(1,399)	(1,983)
Net assets	1,890	1,267
Shareholders' funds	1,843	1,225
Minority interests	47	42
Financing	1,890	1,267

Financial highlights of the year

- Delivered 1997 commitment
 - Sales growth of 5 per cent CER
 - Earnings growth of 3 per cent CER.
- Sales excluding *Zantac* (83 per cent of portfolio) up 13 per cent CER
 - Respiratory up 14 per cent to £1.8 billion
 - Anti-virals up 16 per cent to £1.4 billion
 - CNS up 40 per cent to £0.95 billion.
- Reported results adversely affected by strength of sterling.
- Trading margin impacted by additional selling expenditure.
- Net debt reduced by £584 million.

CER = Constant exchange rates.

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