# Imutran Limited

## Annual Report
## for the year ended 31 December 2008



Registered no: 1785251

# Imutran Limited

# Annual Report
# for the year ended 31 December 2008


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# Directors and Advisors

## Directors

S Saxena
R J Brazier

## Company Secretary

H Roberts

## Registered office

Frimley Business Park
Frimley
Camberley
Surrey
GU16 7SR

## Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

# Directors' Report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2008. These financial statements are prepared under EU adopted International Financial Reporting Standards ("IFRS").

## Principal activity

The Company did not trade during the year, reporting only interest income and the associated taxation. The Company is a private limited company, domiciled and incorporated in the United Kingdom. The registered office, as detailed on the previous page, is also the principal place of business.

## Review of business and future developments

The Company's profit for the year was £111,000 (2007: £130,000) as set out in the Income Statement.

The Directors consider that the financial position of the Company at 31 December 2008 and the result for the year then ended were satisfactory.

The Company is expected to continue providing loans to fellow group undertakings.

## Principal risks and uncertainties

The Directors do not consider there to be any material risks and uncertainties associated with the Company at the present time as it is not trading.

## Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

## Dividends

The Directors do not recommend the payment of a dividend for the year (2007: £nil).

## Directors

The Directors who held office during the year and up to the date of approval of the Annual Report were as follows:

S Saxena
R J Brazier

# Directors' Report
# for the year ended 31 December 2008 (continued)

## Political and charitable donations

The Company made no charitable or political donations in the year (2007: £nil).

## Employees

The Company has no employees (2007: none).

## Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently (see note 1);
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Directors' Report
# for the year ended 31 December 2008 (continued)

## Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

### Directors' statement on disclosure of information to auditors

At the date the annual report is approved, all Directors have confirmed the following:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- Each Director has taken each of the steps he ought to have taken in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent Auditors

An elective resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

This report has been prepared in accordance with the special provisions of Part vii of the Companies Act 1985 relating to small companies.

By order of the Board

S Saxena
Director
Date: 25 June 2009

# Independent auditors' report to the members of Imutran Limited

We have audited the financial statements of Imutran Limited for the year ended 31 December 2008 which comprise the Income Statement, the Statement of Changes in Shareholders' Equity, the Balance Sheet, the Cash Flow Statement and the related Notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors and Advisors page and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

# Independent auditors' report to the members of Imutran Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**
**Chartered Accountants and Registered Auditors**
**West London**
**Date:** 25 June 2009

# Income Statement for the year ended 31 December 2008

| | Note | 2008 £'000 | 2007 £'000 |
|---|---|---|---|
| Finance income | 3 | 155 | 186 |
| **Profit before tax** | 4 | 155 | 186 |
| Income tax expense | 5 | (44) | (56) |
| **Profit for the financial year attributable to the equity holders of the Company** | | 111 | 130 |

All of the results in 2008 and 2007 relate to those of continuing operations.

# Statement of Changes in Shareholders' Equity for the year ended 31 December 2008

| | Share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| At 1 January 2007 | 1 | 2,649 | 3 | 1,424 | 4,077 |
| Profit for the financial year | - | - | - | 130 | 130 |
| **At 31 December 2007** | 1 | 2,649 | 3 | 1,554 | 4,207 |
| Profit for the financial year | - | - | - | 111 | 111 |
| **At 31 December 2008** | 1 | 2,649 | 3 | 1,665 | 4,318 |

# Balance Sheet as at 31 December 2008

| | Note | 2008 £'000 | 2007 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Receivables | 6 | 4,365 | 4,263 |
| | | 4,365 | 4,263 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Current tax liabilities | | 47 | 56 |
| | | 47 | 56 |
| **Net Current Assets** | | 4,318 | 4,207 |
| **Net Assets** | | 4,318 | 4,207 |
| **Shareholders' Equity** | | | |
| Called up share capital | 7 | 1 | 1 |
| Share premium account | | 2,649 | 2,649 |
| Capital redemption reserve | | 3 | 3 |
| Retained earnings | | 1,665 | 1,554 |
| **Total Shareholders' Equity** | | 4,318 | 4,207 |

The financial statements on pages 7 to 20 were approved by the Board of Directors on 25 June 2009 and were signed on its behalf by:

S Saxena
Director

# Cash Flow Statement for the year ended 31 December 2008

| | Note | 2008 £m | 2007 £m |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Cash generated from operations | 9 | - | - |
| Net (decrease)/ increase in cash and cash equivalents | | - | - |
| Cash, bank overdrafts and cash equivalents at 1 January | | - | - |
| Cash, bank overdrafts and cash equivalents at 31 December | | - | - |

# Notes to the Financial Statements for the year ended 31 December 2008

## 1 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) endorsed by the European Union (EU) and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The Directors are of the opinion that there are no critical accounting policies to consider for Imutran Limited.

**(a) Standards, amendments and interpretations effective in 2008 and relevant to the Company are detailed below:**

- None

**(b) Standards, amendments and interpretations effective in 2008 but not relevant to the Company are detailed below:**

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'
- IFRIC 12, 'Service concession arrangements'
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 1 Principal accounting policies (continued)

**(c) Standards, amendments and interpretations to existing standards that have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods, but the Company has not early adopted them are detailed below:**

- IAS 1 (revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner change in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company will apply IAS 1 (revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

**(d) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Company's operations are given below:**

- IFRS 1 (amendment), 'First time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements', (effective from 1 January 2009). The revised standard is still subject to endorsement by the EU. The IFRS 1 amendment will not have an impact on the Company's financial statements which are already prepared under IFRS.

- IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009). The amendment will not have any impact on the company's financial statements as it does not have any Share-based payments

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 1 Principal accounting policies (continued)

- IAS 16 (amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows'), (effective from 1 January 2009). The amendment will not have an impact on the Company's operations because none of the Company's ordinary activities comprise renting and subsequently selling assets.

- IAS 19 (amendment), 'Employee benefits', (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the EU and will not have any impact on the company's financial statements as it does not have any employee benefits.

- IAS 20 (amendment), 'Accounting for government grants and disclosure of government assistance', (effective from 1 January 2009). The amendment will not have an impact on the Company's operations as there are no loans received or other grants from the government.

- IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009). The Company will apply IAS 23 (amendment) retrospectively from 1 January 2009, but it is not currently applicable to the Company as there are no qualifying assets.

- IAS 27 (amendment), 'Consolidated and separate financial statements', (effective from 1 January 2009). The amendment will not have an impact on the Company's operations because its' policy is to account for an investment in subsidiary at cost.

- IAS 29 (amendment), 'Financial reporting in hyperinflationary economies', (effective 1 January 2009). The amendment will not have an impact on the Company's operations as it does not operate in hyperinflationary economies.

- IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). It is not expected to have any impact on the Company's financial statements as the Company does not currently have such instruments.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 1 Principal accounting policies (continued)

- IAS 36 (amendment), 'Impairment of assets', (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the EU and will not have any impact on the Company's financial statements as the Company does not calculate fair value less cost to sell on the basis of discounted cash flows.

- IAS 38 (amendment), 'Intangible assets', (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the EU. The amendment is not currently applicable to the Company as it does not have intangible assets.

- IAS 39 (amendment), 'Financial instruments: Recognition and measurement (effective 1 January 2009). The amendment is not expected to have an impact on the Company's income statement as the Company does not account for items using hedge accounting or at fair value through profit or loss.

- IAS 40 (amendment), 'Investment property' (and consequential amendments to IAS16), (effective from 1 January 2009). The amendment will not have any impact on the Company's operations as it does not hold any investment properties.

- IAS 41 (amendment), 'Agriculture', (effective 1 January 2009). The amendment will not have any impact on the Company's operations as it does not undertake any agricultural activities.

- IFRS 8, 'Operating segments', (effective 1 January 2009). This standard will not impact the Company as it does not fall within the scope of the standard.

- IFRIC 13, 'Customer loyalty programmes', (effective from 1 July 2008). This interpretation is not relevant to the Company's operations because it does not operate any loyalty programmes.

- IFRIC 15, 'Agreements for construction of real estates', (effective from 1 January 2009). The interpretation is still subject to endorsement by the EU. The interpretation will not impact the Company as it does not have transactions in relation to real estate.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 1 Principal accounting policies (continued)

- IFRIC 16, 'Hedges of a net investment in a foreign operation', (effective from 1 October 2008). The amendment to the interpretation is still subject to endorsement by the EU. The amendment is not currently applicable to the Company as it does not have foreign operations.

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue', and IAS 34, 'Interim financial reporting', which are still subject to endorsement by the EU. These are not expected to have an impact on the Company's accounts.

In addition, the following interpretations and amendments impact the accounting in consolidated accounts and are therefore not applicable to the Company's financial statements:

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The amendment to the standard is still subject to endorsement by the EU.

- IAS 28 (amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the EU.

- IAS 31 (amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'), (effective from 1 January 2009).

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard is still subject to endorsement by the EU.

- IFRS 5 (amendment), 'Non-current assets held-for-sale and discontinued operations', (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment to the standard is still subject to endorsement by the EU.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 1 Principal accounting policies (continued)

### Related party disclosures

The Company is a wholly owned subsidiary of Novartis Pharma AG, which itself is a wholly owned subsidiary of Novartis AG; both companies are incorporated in Switzerland. All intra group and other related party disclosure as required under IAS 24 is included in note 8.

### Finance income

Finance income is recognised as interest is accrued on loans to group undertakings.

### Current taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Receivables

Intercompany receivables are amounts owed by fellow group undertakings and are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

### Share Capital

Ordinary shares are classified as equity.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 2 Directors, key management compensation and employees

None of the Directors received any emoluments in respect of their services to the Company during the year (2007: £nil).

The Company did not employ anyone during the year (2007: none). All duties are performed by employees of a Novartis Pharmaceuticals UK Limited, for which no charge is received.

## 3 Finance income

| | 2007<br>£'000 | 2007<br>£'000 |
|---|---|---|
| Interest income on loans to group undertakings | 155 | 186 |

## 4 Profit before tax

No items (2007: £nil) other than finance income (as noted above) have been credited/charged in arriving at the profit before tax.

Remuneration of the auditors for 2008 and 2007 was borne by Novartis Pharmaceuticals UK Limited, for which no re-charge was made to the Company.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 5 Income tax expense

| Analysis of charge in the year: | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Current tax: | | |
| UK corporation tax on profits in the year | 44 | 56 |
| **Total tax charge** | 44 | 56 |

The charge for the year can be reconciled to the profit per the income statement as follows:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Profit on ordinary activities before tax | 155 | 186 |
| Profit on ordinary activities multiplied by rate of corporation tax in the UK of 28.5% (2006: 30%) | 44 | 56 |
| **Total tax charge** | 44 | 56 |

The standard rate of Corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

## 6 Receivables

| Amounts falling due within one year: | 2008 £'000 | 2007 £'000 |
|---|---|---|
| Amounts owed by fellow group undertakings | 4,365 | 4,263 |

All Receivables are stated at book value which approximates to their fair value and are denominated in pounds.

Amounts owed by fellow group undertakings are unsecured and repayable on demand. Interest is received at the Bank of England base rate less 1.0% which at 31 December 2008 was 1.0% (2007: 4.5%).

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 7 Called up share capital

| Authorised | 2008 £ | 2007 £ |
|---|---|---|
| 4,778,130 ordinary shares of 1p each | 47,781 | 47,781 |
| 31,437 'B' 7% redeemable cumulative preference shares of 10p each | 3,144 | 3,144 |
| 32,500 deferred shares of 1p each | 325 | 325 |
| | 51,250 | 51,250 |

| Issued and fully paid | 2008 Shares | 2008 £ | 2007 Shares | 2007 £ |
|---|---|---|---|---|
| Ordinary shares of 1p each | 42,200 | 422 | 42,200 | 422 |
| Deferred shares of 1p each | 32,500 | 325 | 32,500 | 325 |
| | 74,700 | 747 | 74,700 | 747 |

The rights of each class of share are as follows:

**Dividend rights**
The ordinary shareholders may receive a dividend as determined by the Company out of the balance of profits. The deferred shareholders have no rights to dividends.

**Capital**
In the event of a winding up or upon reduction or return of capital, the assets of the Company shall be applied as follows:

- In paying 1p per share to each ordinary shareholder, together with any premium paid on issue, or on the issue of any share from which the ordinary shares were derived.
- The balance to be distributed among the holders of the ordinary shares.

The deferred shareholders will receive 1p for each share after the ordinary shareholders have received £1million per share.

**Voting rights**
Every ordinary shareholder has one vote for every share held. Shareholders owning deferred shares have no voting rights.

**Redemption of 'B' preference shares**
All of the 'B' redeemable cumulative preference shares were redeemed on 9 August 1998 at par.

Novartis Pharma AG, the holder of the 'B' redeemable cumulative preference shares, waived their rights to dividends on these shares up to the redemption date.

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 8 Related party transactions

Year end balances arising from sales and purchases of goods and services and financing activities are as follows:

| | 2008 £'000 | 2007 £'000 |
|---|---|---|
| **Financing to related parties** | | |
| Fellow subsidiary | 4,365 | 4,263 |

Transactions during the year are as follows:

| | 2008 £'000 | 2006 £'000 |
|---|---|---|
| **Interest receivable from related parties** | | |
| Fellow subsidiary | 155 | 145 |

# Notes to the Financial Statements for the year ended 31 December 2008 (continued)

## 9 Cash flow from operating activities

| Cash flow from operating activities | 2008 £m | 2007 £m |
|---|---|---|
| Net profit | 111 | 130 |
| Adjustments for: | | |
| Tax | 44 | 56 |
| Interest expense | (155) | (186) |
| Cash generated from/(used in) continuing operations | - | - |

The Company does not have any bank accounts and operates through an intercompany account and therefore has no cash flows.

## 10 Ultimate Parent undertakings and Controlling party

Novartis AG, a Company incorporated in Switzerland, is the Company's ultimate parent undertaking and controlling party. Copies of the group accounts can be obtained from Novartis AG, Building S-210, CH-4002, Basle, Switzerland.

Novartis AG is the parent undertaking of the largest and smallest group of which Imutran Limited is a member and for which group accounts are drawn up.