4056819

Pharmion Limited

Report and Financial Statements

31 December 2007

Registered No 04056819

Directors
R Hugin
D Gryska
A Robertson
S Mahatme

Secretary
Comat Registrars Limited

Auditors
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1YE

Bankers
J P Morgan Chase
Trinity Tower
9 Thomas More Street
London
E1W 1YT

Solicitors
Arnold & Porter
Tower 42
25 Old Broad Street
London
EC2N 1HQ

Registered office
Riverside House
Riverside Walk
Windsor
Berkshire
SL4 1NA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2007

Results and dividends

The profit for the year, after taxation, amounted to £5,206 (2006 profit of £1,186,324) The directors do not recommend the payment of any dividends (2006 £nil)

Principal activities and review of the business

The principal activities of the company during the year were to provide technical services to the group and supply pharmaceuticals to the medical community

The company's key financial and other performance indicators during the year were as follows

	2007	*2006*	*Change*
	£'000	*£'000*	*%*
Turnover	17,997	18,644	-3 4%
Profit before tax	(16)	1,014	-101 5%
Profit before tax as a % of turnover	(0 1%)	5%	-5 1%
Cash at bank and in hand	1,754	1,032	+70 0%
Total assets less current liabilities	2,892	2,692	+7 4%

Turnover decreased by 3% (2006 increased by 14%) during the year primarily due to a decrease in the value of thalidomide supplies into the UK markets

The net asset position of the company has strengthened in the year due to the increase in profitability before share-based payments

Future developments

As noted last year, an application was submitted in January 2007 to the European Medicines Agency (EMEA) for a marketing authorization for Thalidomide Pharmion® In January 2008, it was announced that the EMEA had issued a positive opinion to recommend approval of Thalidomide Pharmion® for use in combination with Melphalan and Prednisone as first-line treatment for patients with untreated Multiple Myeloma (MM), aged 65 years or older or ineligible for high dose chemotherapy

The EMEA's Committee for Medicinal Products for Human Use (CHMP) reviewed the application, and forwarded its positive opinion to the European Committee (EC), who issued final marketing approval in April 2008

Post balance sheet events

On 18 November 2007, Celgene Corporation and Pharmion Limited's parent company, Pharmion Corporation, announced the signing of a definitive merger agreement pursuant to which Celgene Corporation agreed to acquire Pharmion Corporation The merger was completed on 7 March 2008

Celgene Corporation is a global biopharmaceutical company, primarily engaged in the discovery, development and commercialisation of innovative therapies designed to treat cancer and immune-inflammatory related diseases

Under a Temporary Business Administration Agreement effective from 1 April 2008, Celgene Limited took on responsibility for all activities connected to the marketing, promotion and sale of pharmaceutical products previously carried on by Pharmion Limited

On 27 June 2008 Pharmion Limited received a distributable capital contribution of £2,500,000 from Pharmion BV for the purpose of providing additional working capital

Directors' report (continued)

Post balance sheet events (continued)

On 1 August 2008, Pharmion GmbH merged with Celgene International Sarl As a result, the distribution agreement between Pharmion GmbH and Pharmion Limited, under which Pharmion Limited was granted rights to distribute pharmaceutical products in the UK, was terminated The company continues to wind-up its affairs and has no current plans for future trading activities

Directors

The directors who served the company during the year were as follows

W Kitteridge	(resigned 11 June 2008)
M D Cosgrave	(resigned 11 June 2008)

Additionally, the following were appointed as directors of the company after the year end

R Hugin	(appointed 11 June 2008)
D Gryska	(appointed 11 June 2008)
A Robertson	(appointed 11 June 2008)
S Mahatme	(appointed 11 June 2008)

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped follows

Competitive risks

Sales of Thalidomide Pharmion® account for around 90% of our product sales There is significant competitive pressure from sales of thalidomide by generic manufacturers and pharmacy compounding of thalidomide Currently, we are at a competitive disadvantage to these other thalidomide products, which are sold at a significantly lower price than our Thalidomide Pharmion® and without a comprehensive safety program However, following final marketing approval of our formulation of Thalidomide in April 2008, the commercial success and future growth of this product will depend on our ability to successfully promote Thalidomide Pharmion® and achieve the cooperation of regulatory authorities in preventing the sale of other forms of thalidomide

Regulatory risks

Our growth prospects depend to a large extent upon our ability to successfully promote Thalidomide Pharmion® and obtain regulatory approval of our near-term product candidates in the United Kingdom Satraplatin and Vidaza The regulatory review and approval process to obtain marketing approval, even for a drug that is approved in other jurisdictions, takes many years and requires the expenditure of substantial resources This process can vary substantially based on the type, complexity, novelty and indication of the product candidate involved Changes in the regulatory approval policy during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application may cause delays in the approval or rejection of an application The regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that data is insufficient for approval and require additional pre-clinical, clinical or other studies In addition, varying interpretations of the data obtained from pre-clinical and clinical testing by regulatory authorities could delay, limit or prevent regulatory approval of a product candidate

Price risk

The market place is a competitive environment and as such the company will be subject to price pressures The directors consider this risk to be an ongoing normal trading condition

Directors' report (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The directors do not consider there is a significant liquidity risk The parent company makes sufficient funds available to the company to meet its liabilities as they fall due The company does not finance its operations from third party sources

Interest risk

There is no external interest risk All the interest charges are for intercompany funding

Foreign currency risk

The company has transactional currency exposures Such exposures arise from purchases and sales by the company in currencies other than in its functional currency

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquires of fellow directors and of the company's auditors, each of these directors confirm that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution to appoint KPMG LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

A Robertson
Director

Date 31/10/08

Statement of directors' responsibilities in respect of 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report
to the members of Pharmion Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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)

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

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

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Reading

Date 31 October 2008

Profit and loss account
for the year ended 31 December 2007

	Notes	2007 £	2006 £
***Turnover.** continuing operations*	2	17,997,321	18,644,301
Cost of sales		(5,305,069)	(5,870,761)
Gross profit		12,692,252	12,773,540
Administrative expenses		(12,808,900)	(11,780,812)
***Operating (loss)/profit** continuing operations*	3/4	(116,648)	992,728
Bank interest receivable		100,395	21,216
(Loss)/profit on ordinary activities before taxation		(16,253)	1,013,944
Tax credit on (loss)/profit on ordinary activities	7	21,459	172,380
Profit retained for the financial year		5,206	1,186,324

Statement of total recognised gains and losses
for the year ended 31 December 2007

The company has no recognised gains or losses other than the profit of £5,206 for the year ended 31 December 2007 (2006 £1,186,324)

Balance sheet
at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	2,267,355	1,545,863
Current assets			
Stocks	9	1,588,285	854,061
Debtors	10	1,958,823	2,868,405
Cash at bank and in hand		1,754,268	1,031,862
		5,301,376	4,754,328
Creditors: amounts falling due within one year	11	(4,676,194)	(3,608,164)
Net current assets		625,182	1,146,164
Total assets less current liabilities		2,892,537	2,692,027
		2,892,537	2,692,027
Capital and Reserves			
Called up share capital	14	2	2
Profit and loss account	15	2,892,535	2,692,025
Equity shareholders' funds	15	2,892,537	2,692,027

Approved by the Board

A Robertson
Director

Date 31/10/08.

Notes to the financial statements
at 31 December 2007

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Cash flow statement
The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Research and development
Research and development expenditure is written off in the year in which it is incurred

Fixed assets
All fixed assets are initially recorded at cost

Depreciation
Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold improvements	-	over the shorter of the term of the lease or the period to the tenant's break option
Computer equipment	-	over 3 years
Furniture and fixtures	-	over 5 years
Office equipment	-	over 3 years
Domain name registers	-	over 2 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks
Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Share based payments
Equity settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined using the Black-Scholes pricing model

No expense is recognised for awards that do not ultimately vest as the awards are not dependent on any market condition

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

Notes to the financial statements
at 31 December 2007

1. Accounting policies (continued)
Share based payments (continued)
Equity settled transactions (continued)
The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2005

The company provides for the National Insurance liable on all share-based payment plans over the relevant vesting periods

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Operating lease agreements
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs
Contributions to the employees' money purchase schemes are recognised in the profit and loss account in the year in which they become payable

2. Turnover
Turnover, which is stated net of trade discounts and value added tax, represents amounts invoiced to the parent undertaking and to third parties as shown below

An analysis of turnover by geographical market is given below

	2007	*2006*
	£	*£*
Sale of pharmaceutical medicines - UK	6,649,874	7,415,568
Sale of pharmaceutical medicines – other EU countries	594,222	574,396
Recharge of services to Pharmion GmbH - Switzerland	10,753,225	10,654,337
	17,997,321	18,644,301

Notes to the financial statements
at 31 December 2007

3. Operating profit
This is stated after charging

		2007 £	2006 £
Depreciation of owned fixed assets		360,341	452,727
Operating lease rentals	- land and buildings	629,071	625,148
	- plant and machinery	21,721	6,906
Net (profit)/loss on foreign currency translation		(21,948)	26,370

4. Auditors' remuneration

		2007 £	2006 £
Auditors' remuneration	- audit services	–	–
	- taxation services	21,081	8,110

The fees in respect of audit services provided are borne by the company's US parent

5. Staff costs

	2007 £	2006 £
Wages and salaries	5,548,999	4,177,886
Social security costs	871,839	468,413
Other pension costs (note 12)	239,309	152,517
	6,660,147	4,798,816

Wages and salaries include employee share-based payment expenses of £195,304 (2006 £258,427)

The monthly average number of employees during the year was as follows

	2007 No	2006 No
Sales and marketing	9	7
Administration	75	52
	84	59

Notes to the financial statements
at 31 December 2007

6. Directors' emoluments

	2007	*2006*
	£	*£*
Emoluments in respect of qualifying services	188,332	409,766
Compensation for loss of office	–	175,000
Value of company pension contributions to money purchase schemes	11,930	11,858

	2007	*2006*
	No	*No*
Members of money purchase pension schemes	1	1

In respect of the highest paid director

	2007	*2006*
	£	*£*
Aggregate emoluments	188,332	252,020
Value of company pension contributions to money purchase scheme	11,930	11,858

One director exercised share options during the year (2006 Nil)

One director received shares in respect of qualifying services under long-term incentive plans (2006 one)

Notes to the financial statements
at 31 December 2007

7. Tax on (loss)/profit on ordinary activities

(a) The tax charge/(credit) is made up as follows

	2007 £	*2006* £
Current tax		
UK corporation tax	(195,328)	467,252
Tax (over)/under provided in previous years	(14,909)	(597,250)
Total current tax (note 7(b))	(210,237)	(129,998)
Deferred tax		
Origination and reversal of timing differences	188,778	(42,382)
Tax charge/(credit) on profit on ordinary activities	(21,459)	(172,380)

(b) Factors affecting current tax charge/(credit)
The tax assessed on the (loss)/profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007 £	*2006* £
(Loss)/profit on ordinary activities before taxation	(16,253)	1,013,944
(Loss)/profit on ordinary activities multiplied by the standard rate of tax	(4,876)	304,183
Disallowed expenses and non-taxable income	(4,818)	97,609
Depreciation (less than)/in excess of capital allowances	(63,670)	65,460
Adjustments in respect of previous periods	(14,909)	(597,250)
Other timing differences	(121,964)	–
Current tax charge/(credit) for the year (note 7(a))	(210,237)	(129,998)

(c) Deferred tax
The deferred tax asset included in the balance sheet comprises

	2007 £	*2006* £
Depreciation in advance of capital allowances	43,469	110,244
Share based payments	125,947	247,950
Deferred tax asset (note 10)	169,416	358,194

	£
At 31 December 2006 (note 10)	358,194
Profit and loss account movement arising during the year	(197,735)
Adjustments in respect of prior years	8,957
At 31 December 2007 (note 10)	169,416

Notes to the financial statements
at 31 December 2007

7. Tax on profit on ordinary activities (continued)

(d) Factors that may affect future tax charges

The UK corporation tax rate decreased from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the company The deferred tax balance has been adjusted in the current year to reflect this change Changes to the UK capital allowance regime will also impact the capital allowances the company can claim The full impact of these changes is still being assessed

8. Tangible fixed assets

	Leasehold improvements	*Computer equipment*	*Furniture and fixtures*	*Office equipment*	*Domain name registers*	*Total*
	£	£	£	£	£	£
Cost						
At 31 December 2006	1,913,782	360,223	11,843	105,092	2,332	2,393,272
Additions	969,463	82,234	4,400	25,736	–	1,081,833
Disposals	–	(161,836)	–	(1,888)	(2,332)	(166,056)
At 31 December 2007	2,883,245	280,621	16,243	128,940	–	3,309,049
Depreciation						
At 31 December 2006	525,065	250,490	1,932	67,590	2,332	847,409
Provided during the year	254,160	73,445	3,079	29,657	–	360,341
Disposals	–	(161,836)	–	(1,888)	(2,332)	(166,056)
At 31 December 2007	779,225	162,099	5,011	95,359	–	1,041,694
Net book value						
At 31 December 2007	2,104,020	118,522	11,232	33,581	–	2,267,355
At 31 December 2006	1,388,717	109,733	9,911	37,502	–	1,545,863

9. Stocks

	2007	*2006*
	£	£
Finished goods	1,588,285	854,061

Notes to the financial statements
at 31 December 2007

10. Debtors

	2007 £	2006 £
Trade debtors	1,400,039	1,979,925
Corporation tax	272,326	353,062
Prepayments and accrued income	117,042	177,224
Deferred taxation (note 7(c))	169,416	358,194
	1,958,823	2,868,405

11. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	549,576	823,460
Amounts owed to group undertakings	1,872,391	985,759
Other taxes and social security costs	884,626	916,907
Accruals and deferred income	1,369,601	882,038
	4,676,194	3,608,164

12. Pensions

The company makes contributions to the employees' money purchase pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund During the year, contributions payable amounted to £239,309 (2006 £152,517) There were no unpaid contributions outstanding at the year end (2006 £1,941)

13. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings £	*Other* £	*Land and buildings* £	*Other* £
Operating leases which expire				
Within one year	–	–	–	1,545
In two to five years	–	–	–	–
In over five years	681,050	49,889	681,050	19,598
	681,050	49,889	681,050	21,143

Notes to the financial statements
at 31 December 2007

14. Share capital

				Authorised
			2007	*2006*
			£	*£*
Ordinary shares of £1 each			2	2

		Allotted, called up and fully paid		
		2007		*2006*
	No	*£*	*No*	*£*
Ordinary shares of £1 each	2	2	2	2

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 31 December 2005 as restated	2	1,247,274	1,247,276
Profit for the year	–	1,186,324	1,186,324
Share-based payment	–	258,427	258,427
At 31 December 2006	2	2,692,025	2,692,027
Profit for the year	–	5,206	5,206
Share-based payment	–	195,304	195,304
At 31 December 2007	2	2,892,535	2,892,537

16. Share-based payments
Share options are granted to employees through the following schemes

Pharmion Corporation 2000 Stock Incentive Plan
The purpose of the plan is to provide a means through which Pharmion Corporation may attract able persons to enter and remain in the employ of the group and to provide a means whereby employees, directors and consultants of the group can acquire and maintain common stock ownership, or be paid incentive compensation measured by reference to the value of Pharmion Corporation's common stock, thereby strengthening their commitment to the welfare of the group and promoting an identity of interest between stockholders and these employees, directors and consultants

So that the appropriate incentive can be provided, the plan provides for granting Incentive Stock Options, Nonqualified Stock Options, Restricted Stock Awards, and other stock-based awards, or any combination of the foregoing

Pharmion 2001 UK Stock Option Sub-Plan
This plan is a sub-plan to the Pharmion Corporation 2000 Stock Incentive Plan and was established by Pharmion Corporation in November 2001, to be operated for the benefit of the employees of Pharmion Limited It is approved by HM Revenue & Customs under Schedule 9 to the Income & Corporation Taxes Act 1988

Both plans are equity settled

Notes to the financial statements
at 31 December 2007

16. Share-based payments (continued)

The plans are administered by the compensation committee of the Board of Directors of Pharmion Limited's parent, Pharmion Corporation, which has the authority to select the individuals to whom awards will be granted and to determine whether and to what extent stock options and restricted stock awards are to be granted, the number of shares of common stock to be covered by each award, the vesting schedule of stock options, (generally over a period of four years), and all other terms and conditions of each award The grants expire seven and ten years from the date of grant for the 2000 and UK sub-plan, respectively

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2007 is £195,304 (2006 £258,427)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	2007 No	*2007 WAEP*	*2006 No*	*2006 WAEP*
Outstanding as at 1 January 2007	161,109	$18 80	172,517	$21 83
Granted during the year	44,575	$39 03	54,610	$18 63
Exercised during the year	(53,635)	$12 61	(3,844)	$8 24
Forfeited during the year	(8,279)	$21 44	(35,854)	$20 84
Expired during the year	–	–	(26,320)	$37 07
Outstanding at 31 December 2007	143,770	$27 23	161,109	$18 80
Exercisable at 31 December 2007	62,459	$22 21	88,883	$17 38

The weighted average fair value of options granted during the year was $16 82(2006 $7 22)

The range of exercise prices for options outstanding at the end of the year was $1 60 - $63 26 (2006 $1 60 - $47 23)

For share options outstanding as at 31 December 2007, the weighted average remaining contractual life is 5 04 years (2006 4 95 years)

The fair value of equity-settled share options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted The fair value of each option granted under the stock incentive plan and stock option sub-plan during 2007 and 2006 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for both 2007 and 2006

	2007	*2006*
Dividend yield (%)	0 00%	0 00%
Expected share price volatility (%)	44 0%	42 0%
Risk-free interest rate (%)	4 4%	4 7%
Expected life of options (years)	4 4%	4 3

The risk free interest rate was derived from the US Treasury yield in effect at the time of grant with terms similar to the contractual life of the option The expected life of the options was estimated using peer data of companies in the life science industry with similar equity plans

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome

Notes to the financial statements

at 31 December 2007

17. Ultimate parent company

The company's immediate parent undertaking and controlling party is Pharmion BV which is incorporated in the Netherlands In turn, Pharmion BV is the wholly owned subsidiary of Pharmion Corporation which is incorporated in the US The consolidated financial statements of Pharmion Corporation represent both the largest and smallest group of undertakings for which group financial statements are drawn up Copies of these financial statements are available The Pharmion Corporation, 2525 28th Street, CO 80301, USA

The company has taken advantage of the exemption under FRS 8 from disclosing transactions with related parties that are part of the Pharmion group

18. Post balance sheet events

On 18 November 2007, Celgene Corporation and Pharmion Limited's parent company, Pharmion Corporation, announced the signing of a definitive merger agreement pursuant to which Celgene Corporation agreed to acquire Pharmion Corporation The merger was completed on 7 March 2008

Celgene Corporation is a global biopharmaceutical company, primarily engaged in the discovery, development and commercialisation of innovative therapies designed to treat cancer and immune-inflammatory related diseases

Under a Temporary Business Administration Agreement effective from 1 April 2008, Celgene Limited took on responsibility for all activities connected to the marketing, promotion and sale of pharmaceutical products previously carried on by Pharmion Limited

On 27 June 2008 Pharmion Limited received a distributable capital contribution of £2,500,000 from Pharmion BV for the purpose of providing additional working capital

On 1 August 2008, Pharmion GmbH merged with Celgene International Sarl As a result, the distribution agreement between Pharmion GmbH and Pharmion Limited, under which Pharmion Limited was granted rights to distribute pharmaceutical products in the UK, was terminated The company continues to wind-up its affairs and has no current plans for future trading activities