

2354754



Amgen Limited

Report and Accounts

31 December 1998

Amgen Limited

Registered No: 2354269

DIRECTORS

A Brouwer
G A Vandeman
C F Webb
K Young

AUDITORS

Ernst & Young
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

BANKERS

Barclays Bank Plc
PO Box 885
Histon
Cambridge
CB4 9DE

REGISTERED OFFICE

Carmelite
50 Victoria Embankment
London
EC4Y 0DX

DIRECTORS' REPORT (continued)

The directors submit their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £1,251,204 (1997 - £1,113,571). The directors propose a final dividend of £2,200,000 (1997 dividend paid: £2,575,000), leaving reserves carried forward of £1,061,881 (1997: £2,010,677).

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity during the year was the marketing of NEUPOGEN® in the United Kingdom and Ireland and the clinical development on a European wide basis of new proteins and small molecules.

The ultimate holding company, Amgen Inc., reimburses certain expenses incurred by Amgen Limited, thereby supporting the rapid development of the company.

The directors are satisfied with the results for the year. The business operations are expected to continue to expand in 2000. The co-promotion agreement that Amgen Limited had for NEUPOGEN® came to an end in 1997 and Amgen Limited assumed full responsibility for NEUPOGEN®, including product distribution, from January 1998. At this time Amgen Limited entered into a commissionaire and services agreement with Amgen Inc., to cover the supply and future development of Amgen Inc. products.

DIRECTORS AND THEIR INTERESTS

A Brouwer
K W Sharer (resigned 10 December 1998)
G A Vandeman
C F Webb
K Young

None of the directors had any notifiable interest in the shares of the company.

YEAR 2000 MATTERS

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, designed to address the impact of the Year 2000 on our business, has been commissioned by the Board and is under way. Resources have been allocated and the Board receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issue on all our activities. From this, prioritised action plans have been developed which are designed to address the risks in advance of critical dates and without disruption to the underlying business activities. Priority is given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also includes a requirement for the testing of systems changes, involving the participation of users.

DIRECTORS' REPORT (continued)

YEAR 2000 (continued)

The risk analysis also considers the impact on our business of Year 2000 related failures by our significant suppliers (including computer bureaux) and customers. In appropriate cases we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved, with capital spend relating to Year 2000 being minimal.

CHARITABLE DONATIONS

During the year the company made various charitable contributions totalling £3,483 (1997 - £1,325).

SUPPLIER PAYMENT POLICY

It is the company's policy to agree terms of payment with suppliers in advance and to abide by the terms of payment.

At 31 December 1998 the company had an average of 6 days purchases outstanding in trade creditors.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 (continued)

AUDITORS

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 24 August 1990. Accordingly Ernst & Young shall be deemed to be reappointed as auditors.

By order of the Board

W. Blakley

FOR AND ON BEHALF OF
Huntsmoor Nominees Limited
Secretary

20 December 1999

**REPORT OF THE AUDITORS
to the members of Amgen Limited**

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

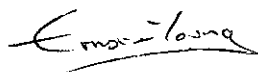
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young'.

Ernst & Young
Registered Auditor
Cambridge

7 January 2000

Amgen Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

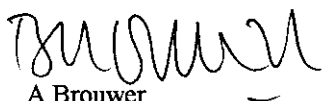
	Notes	1998 £	1997 £
TURNOVER	2	29,289,612	18,758,118
Cost of sales		23,966,459	14,449,333
GROSS PROFIT		5,323,153	4,308,785
Administrative expenses		3,305,492	2,715,718
OPERATING PROFIT	3	2,017,661	1,593,067
Loss on disposal of fixed assets		187,347	15,446
		1,830,314	1,577,621
Bank interest receivable		136,003	127,661
Bank interest payable		16,031	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,950,286	1,705,282
Tax on profit on ordinary activities	5	699,082	591,711
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,251,204	1,113,571
Dividends	6	2,200,000	2,575,000
TRANSFER TO RESERVES		(948,796)	(1,461,429)

There are no recognised gains or losses other than the profit for the year of £1,251,204 (1997: profit of £1,113,571).

Amgen Limited

BALANCE SHEET at 31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	4,219,879	2,431,463
CURRENT ASSETS			
Debtors	8	5,696,864	3,713,742
Cash at bank and in hand		584,806	1,364,778
		6,281,670	5,078,520
CREDITORS: amounts falling due within one year	9	6,459,271	2,487,072
NET CURRENT (LIABILITIES)/ASSETS		(177,601)	2,591,448
TOTAL ASSETS LESS CURRENT LIABILITIES		4,042,278	5,022,911
Provisions for liabilities and charges	11	80,397	112,234
		3,961,881	4,910,677
CAPITAL AND RESERVES			
Called up share capital	12	2,900,000	2,900,000
Profit and loss account	13	1,061,881	2,010,677
Shareholders' funds - equity		3,961,881	4,910,677



A Brouwer
Director
20 December 1999

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company has not prepared a cash flow statement due to the exemption conferred by FRS 1 (Revised 1996) for 90% or more owned subsidiaries whose results are consolidated into accounts that are generally available to the public.

Depreciation

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

Laboratory equipment -	over 5 years
Furniture and fittings -	over 5-10 years
Computer hardware -	over 3 years
Computer software -	over 3 years

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Lease rentals

Operating lease rentals are charged to profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and all differences taken to the profit and loss account. Transactions and balances with the holding company are translated at a contracted exchange rate.

2. TURNOVER

Turnover, which is stated net of value added tax, is attributable to one continuing activity and represents amounts invoiced to the parent undertaking in the USA.

Amgen Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

3. OPERATING PROFIT

a) This is stated after charging:

	1998 £	1997 £
Auditors' remuneration - audit services	10,350	10,050
- non-audit services	4,415	10,930
Depreciation of owned fixed assets	886,992	647,482
Operating lease rentals - land and buildings	934,068	726,913
- plant and machinery	425,851	386,223

b) Directors' remuneration:

	1998 £	1997 £
Emoluments	371,636	352,697

Company contributions paid to money purchase pension schemes	35,282	73,723
--	--------	--------

	No.	No.
Members of money purchase pension schemes	2	2

	£	£
The amounts in respect of the highest paid director:		
Emoluments	188,592	159,948

Company contributions paid to money purchase pension schemes	18,604	57,197
--	--------	--------

Four directors exercised share options in Amgen Inc. during 1998.

4. STAFF COSTS

	1998 £	1997 £
Wages and salaries	4,961,156	4,675,037
Social security costs	499,335	445,066
Other pension costs	452,421	324,032
	5,912,912	5,444,135

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

	No.	No.
Administration	12	7
Clinical	28	28
Marketing	18	14
Regulatory Affairs	10	9
Biometrics	67	64
	135	122

NOTES TO THE ACCOUNTS

at 31 December 1998

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge is made up as follows: Based on profit for the year:		
Corporation tax @ 31% (1997 - 31%)	721,959	603,227
Deferred taxation	(10,504)	(21,073)
	<u>711,455</u>	<u>582,154</u>
Corporation tax under provided in previous years	8,960	9,557
Deferred tax over provided in previous years	(17,713)	-
Adjustment to deferred tax balances due to change in tax rates	(3,620)	-
	<u><u>699,082</u></u>	<u><u>591,711</u></u>

6. DIVIDENDS

	1998 £	1997 £
Equity dividend paid (88.8p per share)	-	2,575,000
Equity dividend proposed (75.9p per share)	2,200,000	-
	<u><u>2,200,000</u></u>	<u><u>2,575,000</u></u>

7. TANGIBLE FIXED ASSETS

	Computer hardware £	Computer software £	Furniture, fittings & equipment £	Total £
Cost:				
At 1 January 1998	3,125,362	214,811	2,471,211	5,811,384
Additions	731,479	497,612	1,633,664	2,862,755
Disposals	(429,723)	-	-	(429,723)
At 31 December 1998	<u>3,427,118</u>	<u>712,423</u>	<u>4,104,875</u>	<u>8,244,416</u>
Depreciation:				
At 1 January 1998	2,070,383	195,074	1,114,464	3,379,921
Provided during the year	448,976	91,900	346,116	886,992
Disposals	(242,376)	-	-	(242,376)
At 31 December 1998	<u>2,276,983</u>	<u>286,974</u>	<u>1,460,580</u>	<u>4,024,537</u>
Net book value:				
At 31 December 1998	<u><u>1,150,135</u></u>	<u><u>425,449</u></u>	<u><u>2,644,295</u></u>	<u><u>4,219,879</u></u>
At 1 January 1998	<u><u>1,054,979</u></u>	<u><u>19,737</u></u>	<u><u>1,356,747</u></u>	<u><u>2,431,463</u></u>

NOTES TO THE ACCOUNTS

at 31 December 1998

8. DEBTORS

	1998 £	1997 £
Amounts due within one year:		
Trade debtors	1,479,464	-
Amounts owed by group undertakings	2,877,646	2,636,010
Other debtors	543,540	356,260
Prepayments and accrued income	541,236	460,806
	<u>5,441,886</u>	<u>3,453,076</u>
Amount due after one year:		
ACT recoverable	254,978	260,666
	<u>5,696,864</u>	<u>3,713,742</u>

9. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Trade creditors	343,400	366,830
Amounts owed to group undertakings	235,370	32,055
Corporation tax	721,959	220,142
Other taxes and social security costs	385,478	156,835
Other creditors	32,697	-
Accruals	2,540,367	1,711,210
Proposed dividend	2,200,000	-
	<u>6,459,271</u>	<u>2,487,072</u>

10. OBLIGATIONS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

	Property 1998 £	Plant and machinery 1998 £	Property 1997 £	Plant and machinery 1997 £
Operating leases which expire:				
Within one year	-	264,119	-	80,769
Between two and five years	-	184,661	-	216,772
Over five years	1,010,000	-	1,010,000	-
	<u>1,010,000</u>	<u>448,780</u>	<u>1,010,000</u>	<u>297,541</u>

NOTES TO THE ACCOUNTS
at 31 December 1998

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<i>Provided</i>		<i>Not provided</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	£	£	£	£
Capital allowances in advance of depreciation	82,393	129,284	-	-
Other timing differences	(1,996)	(17,050)	-	-
	<u>80,397</u>	<u>112,234</u>	<u>-</u>	<u>-</u>

12. SHARE CAPITAL

	<i>1998</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>
Authorised: ordinary shares of £1 each	4,000,000	4,000,000
	<u>£</u>	<u>£</u>
Allotted, called up and fully paid: ordinary shares of £1 each	2,900,000	2,900,000

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 January 1997	2,900,000	3,472,106	6,372,106
Profit for the year	-	1,113,571	1,113,571
Dividends	-	(2,575,000)	(2,575,000)
At 1 January 1998	2,900,000	2,010,677	4,910,677
Profit for the year	-	1,251,204	1,251,204
Dividends	-	(2,200,000)	(2,200,000)
At 31 December 1998	<u>2,900,000</u>	<u>1,061,881</u>	<u>3,961,881</u>

14. CAPITAL COMMITMENTS

	<i>1998</i>	<i>1997</i>
	£	£
Contracted for but not provided for in the accounts	<u>114,810</u>	<u>96,963</u>

NOTES TO THE ACCOUNTS

at 31 December 1998

15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £452,421 (1997 - £324,032).

16. ULTIMATE PARENT UNDERTAKING

The controlling party and parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Amgen Inc., a company incorporated in the United States of America. Copies of Amgen Inc.'s accounts can be obtained from Amgen Limited, Carmelite, 50 Victoria Embankment, London, EC4Y 0DX.

17. RELATED PARTY TRANSACTIONS

Amgen Limited has taken advantage of the exemption conferred by FRS 8 not to disclose any related party transaction occurring within the group, as it is a wholly owned subsidiary of Amgen Inc.