

Amgen Limited

Report and Accounts

31 December 1997



Amgen Limited

Registered No: 2354269

DIRECTORS

A Brouwer
K W Sharer
G A Vandeman
C F Webb
K Young

AUDITORS

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

BANKERS

Barclays Bank Plc
15 Bene't Street
Cambridge
CB2 3PZ

REGISTERED OFFICE

Carmelite
50 Victoria Embankment
London
EC4Y 0DX

Amgen Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £1,113,571 (1996 - £773,676). The directors paid a dividend £2,575,000 (1996 - nil) leaving reserves carried forward of £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 European clinical developments, and associated regulatory activities of NEUPOGEN® and other biologically active proteins and devices, which continues to expand.

The ultimate holding company, Amgen Inc., reimburses substantially all the 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 1998. The co-marketing agreement that Amgen Limited has for NEUPOGEN® came to an end in 1997 and Amgen Limited assumed full responsibility for NEUPOGEN® from January 1998. At this time Amgen Limited will enter 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
G A Vandeman
C F Webb
K Young

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

CHARITABLE DONATIONS

During the year the company made various charitable contributions totalling £1,325 (1996 - £1,380).

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.

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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT




DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS (continued)

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.

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

Huntsmoor Nominees Limited
Secretary

23 April 1998

REPORT OF THE AUDITORS
to the members of Amgen Limited

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

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.

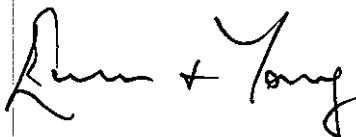
Basis of opinion

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 1997 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Cambridge

23 April 1998

Amgen Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	2	18,758,118	14,409,135
Cost of sales		14,449,333	10,606,631
GROSS PROFIT		4,308,785	3,802,504
Administrative expenses		2,731,164	2,574,365
OPERATING PROFIT	3	1,577,621	1,228,139
Bank interest receivable		127,661	81,782
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,705,282	1,309,921
Tax on profit on ordinary activities	5	591,711	536,245
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,113,571	773,676
Dividends	6	2,575,000	-
TRANSFER TO RESERVES		(1,461,429)	773,676

There are no recognised gains or losses other than the loss for the year of £1,461,429 (1996 - profit of £773,676).

Amgen Limited

BALANCE SHEET at 31 December 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	2,431,463	2,462,434
CURRENT ASSETS			
Debtors	8	3,713,742	4,734,438
Cash at bank and in hand		1,364,778	1,229,611
		5,078,520	5,964,049
CREDITORS: amounts falling due within one year	9	2,487,072	1,921,070
NET CURRENT ASSETS		2,591,448	4,042,979
TOTAL ASSETS LESS CURRENT LIABILITIES		5,022,911	6,505,413
Provisions for liabilities and charges	11	112,234	133,307
		4,910,677	6,372,106
CAPITAL AND RESERVES			
Called up share capital	12	2,900,000	2,900,000
Profit and loss account	13	2,010,677	3,472,106
		4,910,677	6,372,106

A Brouwer

A Brouwer
Director

23 April 1998

NOTES TO THE ACCOUNTS

at 31 December 1997

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 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 5 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 1997

3. OPERATING PROFIT

a) This is stated after charging:

	1997 £	1996 £
Auditors' remuneration - audit services	10,050	8,500
- non-audit services	10,930	65,383
Depreciation of owned fixed assets	647,482	597,647
Operating lease rentals - land and buildings	726,913	675,076
- plant and machinery	386,223	366,999
	<u> </u>	<u> </u>

b) Directors' remuneration:

	1997 £	1996 £
Emoluments	352,697	349,906
Pension contributions	73,723	25,770
	<u> </u>	<u> </u>
	426,420	375,676
	<u> </u>	<u> </u>

Emoluments of the highest paid director	159,948	189,926
Pension contributions	57,197	17,212
	<u> </u>	<u> </u>

2 (1996 - 3) of the directors have benefits accruing to them under the Amgen Executive defined contribution pension scheme.

4. STAFF COSTS

	1997 £	1996 £
Wages and salaries	4,675,037	4,120,437
Social security costs	445,066	421,933
Other pension costs	324,032	310,345
	<u> </u>	<u> </u>
	5,444,135	4,852,715
	<u> </u>	<u> </u>

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

	1997 No.	1996 No.
Administration	7	8
Clinical	28	28
Marketing	14	11
Regulatory Affairs	9	8
Biometrics	64	47
	<u> </u>	<u> </u>
	122	102
	<u> </u>	<u> </u>

Amgen Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge is made up as follows:		
Based on profit for the year:		
Corporation tax @ 31% (1996 - 33%)	603,227	514,917
Deferred taxation	(21,073)	63,558
	582,154	578,475
Corporation tax under/(over) provided in previous years	9,557	(42,230)
	591,711	536,245

6. DIVIDENDS

	1997 £	1996 £
Dividend paid		
88.8p (1996 - Nil) per share	2,575,000	-

7. TANGIBLE FIXED ASSETS

	Laboratory equipment £	Computer hardware £	Computer software £	Furniture & fittings £	Total £
Cost:					
At 1 January 1997	1,068	2,788,212	195,938	2,298,490	5,283,708
Additions	-	429,490	18,873	214,573	662,936
Disposals	-	(92,340)	-	(42,920)	(135,260)
At 31 December 1997	1,068	3,125,362	214,811	2,470,143	5,811,384
Depreciation:					
At 1 January 1997	963	1,745,398	186,744	888,169	2,821,274
Provided during the year	105	383,776	8,330	255,271	647,482
Disposals	-	(58,791)	-	(30,044)	(88,835)
At 31 December 1997	1,068	2,070,383	195,074	1,113,396	3,379,921
Net book value:					
At 31 December 1997	-	1,054,979	19,737	1,356,747	2,431,463
At 1 January 1997	105	1,042,814	9,194	1,410,321	2,462,434

Amgen Limited

NOTES TO THE ACCOUNTS at 31 December 1997

8. DEBTORS

	1997 £	1996 £
Amounts due within one year:		
Amounts owed by group undertakings	2,636,010	3,988,709
Other debtors	356,260	345,419
Prepayments and accrued income	460,806	400,310
	<u>3,453,076</u>	<u>4,734,438</u>
Amount due after one year:		
ACT recoverable	260,666	-
	<u>3,713,742</u>	<u>4,734,438</u>

9. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	366,830	285,069
Amounts owed to group undertakings	32,055	43,429
Corporation tax	220,142	510,752
Other taxes and social security costs	156,835	140,085
Accruals	1,711,210	941,735
	<u>2,487,072</u>	<u>1,921,070</u>

10. OBLIGATIONS UNDER OPERATING LEASES

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

	Property 1997 £	Plant and machinery 1997 £	Property 1996 £	Plant and machinery 1996 £
Operating leases which expire:				
Within one year	-	80,769	-	66,657
Between two and five years	-	216,772	-	207,528
Over five years	1,010,000	-	675,000	-
	<u>1,010,000</u>	<u>297,541</u>	<u>675,000</u>	<u>274,185</u>

NOTES TO THE ACCOUNTS

at 31 December 1997

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>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Capital allowances in advance of depreciation	129,284	141,755	-	-
Other timing differences	(17,050)	(8,448)	-	-
	<u>112,234</u>	<u>133,307</u>	<u>-</u>	<u>-</u>

12. SHARE CAPITAL

	<i>1997</i>	<i>1996</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>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 1996	2,900,000	2,698,430	5,598,430
Retained profit for the year	-	773,676	773,676
At 1 January 1997	2,900,000	3,472,106	6,372,106
Retain loss for the year	-	(1,461,429)	(1,461,429)
At 31 December 1997	<u>2,900,000</u>	<u>2,010,677</u>	<u>4,910,677</u>

14. CAPITAL COMMITMENTS

	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Contracted for but not provided for in the accounts	<u>96,963</u>	<u>78,592</u>

NOTES TO THE ACCOUNTS
at 31 December 1997

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 £324,032 (1996 - £310,345).

16. ULTIMATE PARENT UNDERTAKING

The 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.