

Amgen Limited

Report and Accounts

31 December 1999



Amgen Limited

Registered No: 2354269

DIRECTORS

A Brouwer
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

 ERNST & YOUNG

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £1,314,747 (1998: £1,251,204). The directors do not propose a dividend (1998: £2,200,000) leaving reserves carried forward of £2,376,628 (1998: £1,061,881).

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-wide clinical development of new proteins and small molecules. A key milestone with respect to the latter activity was the submission of novel erythropoiesis stimulating protein (NESP) to the EU Regulatory authorities in December.

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

The directors are satisfied with the results for the year. Business operations are expected to continue to expand in 2000 driven by growth in NEUPOGEN and the preparations for new product launches. Clinical Development workloads are forecasted to be in excess of 1999 levels.

DIRECTORS AND THEIR INTERESTS

A Brouwer
G A Vandeman
C F Webb
K Young

G A Vandeman resigned on 1 March 2000.

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

YEAR 2000 COMPLIANCE

At the date of signing the accounts the company has not experienced any problems arising from the Year 2000 issue. However, the operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers. The company could still be exposed to risk during the current year in the event that there are Year 2000 issues that have yet to be remedied. Therefore, the company will continue to monitor the situation throughout the year.

Much of the cost of implementing the action plans has been subsumed into the recurring activities of the departments involved, with capital spending in relation to Year 2000 being minimal.

CHARITABLE DONATIONS

During the year the company made various charitable contributions totalling £5,067 (1998: £3,483).

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 1999 the company had an average of 12 days purchases outstanding in trade creditors.

DIRECTORS' REPORT (continued)

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.

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 October 2000

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 the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Cambridge

300 November 2000

Amgen Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £	1998 £
TURNOVER	2	34,781,936	29,289,612
Cost of sales		28,254,180	23,966,459
GROSS PROFIT		6,527,756	5,323,153
Administrative expenses		4,539,263	3,305,492
OPERATING PROFIT	3	1,988,493	2,017,661
Loss on disposal of fixed assets		—	187,347
		1,988,493	1,830,314
Bank interest receivable		123,062	136,003
Bank interest payable		18,626	16,031
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,092,929	1,950,286
Tax on profit on ordinary activities	5	778,182	699,082
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	1,314,747	1,251,204
Dividends	6, 12	—	2,200,000
TRANSFER TO/(FROM) RESERVES		1,314,747	(948,796)

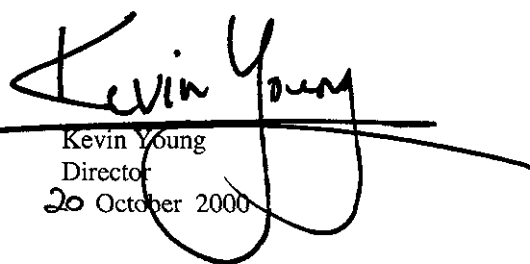
There are no recognised gains or losses other than the profit for the year of £1,314,747 (1998: profit of £1,251,204).

Amgen Limited

BALANCE SHEET at 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	5,816,861	4,219,879
CURRENT ASSETS			
Debtors	8	3,329,844	5,696,864
Cash at bank and in hand		2,360,446	584,806
		5,690,290	6,281,670
CREDITORS: amounts falling due within one year	9	6,135,210	6,459,271
NET CURRENT LIABILITIES		(444,920)	(177,601)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,371,941	4,042,278
Provision for liabilities and charges	10	95,313	80,397
		5,276,628	3,961,881
CAPITAL AND RESERVES			
Called up share capital	11	2,900,000	2,900,000
Profit and loss account	12	2,376,628	1,061,881
Shareholders' funds - equity		5,276,628	3,961,881

ERNST & YOUNG


Kevin Young
Director
20 October 2000

NOTES TO THE ACCOUNTS
at 31 December 1999

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

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

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.

NOTES TO THE ACCOUNTS
at 31 December 1999

3. OPERATING PROFIT

a) This is stated after charging:

	1999	1998
	£	£
Auditors' remuneration - audit services	10,800	10,350
- non-audit services	-	4,415
Depreciation of owned fixed assets	1,357,339	886,992
Operating lease rentals - land and buildings	990,515	934,068
- plant and machinery	412,046	425,851
	<u>2,760,700</u>	<u>2,261,676</u>

b) Directors' remuneration:

	1999	1998
	£	£
Emoluments	407,726	371,636
Company contributions paid to money purchase pension schemes	37,106	35,282
Members of money purchase pension schemes	No. 2	No. 2
	£	£
The amounts in respect of the highest paid director: Emoluments	215,940	188,592
Company contributions paid to money purchase pension schemes	19,722	18,604

3 directors exercised share options in Amgen Inc. during 1999 (1998: 4).

4. STAFF COSTS

	1999	1998
	£	£
Wages and salaries	6,418,959	4,961,156
Social security costs	608,865	499,335
Other pension costs	495,508	452,421
	<u>7,523,332</u>	<u>5,912,912</u>

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

	No.	No.
Administration	11	12
Clinical	28	28
Marketing	22	18
Regulatory Affairs	11	10
Biometrics	71	67
	<u>143</u>	<u>135</u>

NOTES TO THE ACCOUNTS
at 31 December 1999

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge is made up as follows: Based on profit for the year:		
Corporation tax at 30.25% (1998: 31%)	765,000	721,959
Deferred taxation	12,398	(10,504)
	<u>777,398</u>	<u>711,455</u>
Corporation tax (over)/under provided in previous years	(1,734)	8,960
Deferred tax under/(over) provided in previous years	2,518	(17,713)
Adjustment to deferred tax balances due to change in tax rates	—	(3,620)
	<u>778,182</u>	<u>699,082</u>

6. DIVIDENDS

	1999 £	1998 £
Equity dividend proposed (75.9p per share)	—	2,200,000

7. TANGIBLE FIXED ASSETS

	Computer hardware £	Computer software £	Furniture, fittings & equipment £	Total £
Cost:				
At 1 January 1999	3,427,118	712,423	4,104,875	8,244,416
Additions	1,243,976	101,124	1,688,674	3,033,774
Disposals	1,868,828	44,864	—	1,913,692
At 31 December 1999	<u>2,802,266</u>	<u>768,683</u>	<u>5,793,549</u>	<u>9,364,498</u>
Depreciation:				
At 1 January 1999	2,276,983	286,974	1,460,580	4,024,537
Provided during the year	664,596	202,709	490,034	1,357,339
Disposals	1,789,375	44,864	—	1,834,239
At 31 December 1999	<u>1,152,204</u>	<u>444,819</u>	<u>1,950,614</u>	<u>3,547,637</u>
Net book value:				
At 31 December 1999	<u>1,650,062</u>	<u>323,864</u>	<u>3,842,935</u>	<u>5,816,861</u>
At 31 December 1998	<u>1,150,135</u>	<u>425,449</u>	<u>2,644,295</u>	<u>4,219,879</u>

NOTES TO THE ACCOUNTS
at 31 December 1999

8. DEBTORS

	1999	1998
	£	£
Amounts due within one year:		
Trade debtors	1,825,174	1,479,464
Amounts owed by group undertakings	638,092	2,877,646
Other debtors	399,160	543,540
Prepayments and accrued income	467,418	541,236
	<u>3,329,844</u>	<u>5,441,886</u>
Amount due after one year:		
ACT recoverable	—	254,978
	<u>3,329,844</u>	<u>5,696,864</u>

9. CREDITORS: amounts falling due within one year

	1999	1998
	£	£
Trade creditors	790,107	343,400
Amounts owed to group undertakings	2,632,602	235,370
Corporation tax	113,774	721,959
Other taxes and social security costs	437,634	385,478
Other creditors	3,553	32,697
Accruals	2,157,540	2,540,367
Proposed dividend	—	2,200,000
	<u>6,135,210</u>	<u>6,459,271</u>

10. 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>	
	1999	1998	1999	1998
	£	£	£	£
Capital allowances in advance of depreciation	95,313	82,393	—	—
Other timing differences	—	(1,996)	—	—
	<u>95,313</u>	<u>80,397</u>	<u>—</u>	<u>—</u>

NOTES TO THE ACCOUNTS
at 31 December 1999

11. SHARE CAPITAL

	1999 No.	1998 No.
Authorised: ordinary shares of £1 each	4,000,000	4,000,000
	£	£
Allotted, called up and fully paid: ordinary shares of £1 each	2,900,000	2,900,000

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
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 1 January 1999	2,900,000	1,061,881	3,961,881
Profit for the year	-	1,314,747	1,314,747
At 31 December 1999	2,900,000	2,376,628	5,276,628

13. OBLIGATIONS UNDER OPERATING LEASES

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

	Property 1999 £	Plant and machinery 1999 £	Property 1998 £	Plant and machinery 1998 £
Operating leases which expire:				
Within one year	-	42,918	-	264,119
Between two and five years	-	305,040	-	184,661
Over five years	1,010,000	-	1,010,000	-
	1,010,000	347,958	1,010,000	448,780

14. CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted for but not provided for in the accounts	1,115,867	114,810

NOTES TO THE ACCOUNTS
at 31 December 1999

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 £495,508 (1998: £452,421).

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..