

Chiron Technologies Limited

(a subsidiary of Chiron Vaccines Holdings Limited)

Annual Report and Financial Statements

31 December 2009



Registered number 2977138

Chiron Technologies Limited

Annual Report for the year ended 31 December 2009

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Chiron Technologies Limited

Directors and Advisors

Directors

R Braendli
T Jose (Chairman)
J Sullivan

Company Secretary

H Roberts

Registered Office

Frimley Business Park
Frimley
Camberley
Surrey
GU16 7SR

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Chiron Technologies Limited

Directors' report for the year ended 31 December 2009

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2009. These are prepared under EU adopted International Financial Reporting Standards ("IFRS")

Principal activity

The Company is not engaged in trading activities

Review of the business and future developments

The Company is non trading and it is envisaged that the company will not resume trading

Results and dividends

The profit for the year after tax was £413,000 (2008 £253,000)

The board does not recommend the payment of a dividend (2008 £nil)

Principal risks and uncertainties

The directors do not consider that the company has any principal risks or uncertainties

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

Directors

The Directors of the Company during the year and in the period to the date of approval of the financial statements were as follows

Reto Braendli	
Richard Brazier	Resigned 1 July 2009
Dr Raymond Breu	Resigned 31 March 2010
Teresa Jose	Appointed 1 July 2009
John Sullivan	

The Company maintains liability insurance for its Directors and officers. Following shareholder approval in July 2005, the Company has also provided an indemnity for its Directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

None of the directors received any remuneration for their services as directors of the Company during 2009 (2008 £nil)

Charitable and political donations

It is the Company's policy not to make donations to any political organisations and no contributions were made to charitable organisations during the year ended 31 December 2009 (2008 £nil)

Chiron Technologies Limited

Directors' report for the year ended 31 December 2009 (continued)

Employees

The Company has no employees

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

The Directors are responsible for preparing the Directors' 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. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, 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 IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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' 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 all 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

Chiron Technologies Limited

Directors' report for the year ended 31 December 2009 (continued)

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the board



H Roberts
Company Secretary

Date 7 June 2010

Chiron Technologies Limited

Independent auditors' report to the members of Chiron Technologies Limited

We have audited the financial statements of Chiron Technologies Limited for the year ended 31 December 2009 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Chiron Technologies Limited

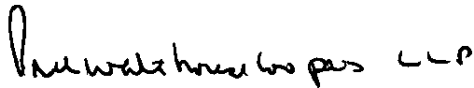
Independent auditors' report to the members of Chiron Technologies Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

The Company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Manchester

Date: 7 June 2010

Chiron Technologies Limited
Registered number 2977138

Income Statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Operating result and result before taxes from continuing operations		-	-
Tax credit on loss on ordinary activities	4	413	253
Net income from continuing operations		413	253
Attributable to Shareholders of the Company		413	253

All of the results in 2009 and 2008 relate to those of continuing operations

Statement of Comprehensive Income for the year ended 31 December 2009.

The Company has no recognised gains and losses other than those included in the results above, and, therefore, no separate statement of comprehensive income has been presented

The accompanying notes on pages 11 to 17 form an integral part of the financial statements

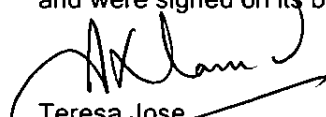
Chiron Technologies Limited

Balance Sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
Assets			
Current assets			
Trade and other receivables	5	4,800	4,387
		4,800	4,387
Total assets		4,800	4,387
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	7	-	-
Retained earnings		(84,855)	(85,268)
Total equity		(84,855)	(85,268)
Liabilities			
Current liabilities			
Trade and other payables	6	89,655	89,655
Total current liabilities from continuing operations		89,655	89,655
Total liabilities		89,655	89,655
Total equity and liabilities		4,800	4,387

The accompanying notes on pages 11 to 17 form an integral part of the financial statements

The financial statements on 8 to 17 were approved by the Board of Directors on 7 June 2010 and were signed on its behalf by


Teresa Jose
Director

Chiron Technologies Limited

Statement of Changes in Equity for the year ended 31 December 2009

	Share Capital	Profit and Loss account	Total
	£'000	£'000	£'000
At 1 January 2008	-	(85,521)	(85,521)
Profit for the financial year	-	253	253
At 31 December 2008	-	(85,268)	(85,268)
At 1 January 2009	-	(85,268)	(85,268)
Profit for the financial year	-	413	413
At 31 December 2009	-	(84,855)	(84,855)

Cash Flow Statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash generated from operations	9	-	(621)
Income tax received		-	621
Net cash generated from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash, bank overdrafts and cash equivalents at 1 January		-	-
Cash, bank overdrafts and cash equivalents at 31 December		-	-

The accompanying notes on pages 11 to 17 form an integral part of the financial statements

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009

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. The financial statements have been prepared on a going concern basis.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) New and amended standards adopted by the company are detailed below:

- IAS 1 (revised) 'Presentation of financial statements'- effective 1 January 2009. The revised standard prohibits 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 changes in equity in a statement of comprehensive income.

(b) Standards, amendments and interpretations effective in 2009 but not relevant to the Company are detailed below:

- IFRS 7 'Financial instruments- Disclosures' (amendment)- effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'Management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The company has not applied IFRS 8 for the year ending 31 December 2009 as it is not relevant to the company's operations and is not expected to have a material impact on the company's financial statements.

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

1 Principal accounting policies (continued)

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009 IAS 23, 'Borrowing costs' (2007) mandates that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset be capitalized as part of the cost of the asset

(c) Standards and amendments early adopted by the Company

There are no standards and amendments early adopted by the Company

(d) 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 2010 or later periods, but the Company has not early adopted them are detailed below.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009) The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the company's financial statements.
- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009) The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss.
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009) The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.
- IAS 38 (amendment), 'Intangible Assets' The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible asset as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the company's financial statements.

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

1 Principal accounting policies (continued)

- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations' The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation of uncertainty) of IAS 1. The company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements' The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the company's financial statements.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions (effective from 1 January 2010)' In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2- Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Company's financial statements.

1.2 Revenue recognition

The Company has no revenues.

1.3 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.

1.4 Related party disclosures

The Company is a wholly owned subsidiary of Novartis AG, a company incorporated in Switzerland. All intra group and other related party disclosure as required under IAS 24 is included in note 8.

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

1.5 Interest

Interest is expensed directly in the income statement and is recognised in the year the cost is incurred, on an accruals basis

1.6 Share Capital

Ordinary shares are classified as equity

1.7 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairments

1.8 Payables

Payables are recognised at book value which approximates to their fair value

2 Profit before taxation

There are no items that have been charged or credited at arriving at profit before taxation (2008 £nil)

All audit and non-audit fees are borne by Novartis Vaccines and Diagnostics Limited for which no recharge is made

3 Directors and employees

None of the Directors received any emoluments in respect of their services to the Company during the year (2008 £nil)

The Company did not employ anyone during the year (2008 none) All duties are performed by employees of Novartis Vaccines and Diagnostics Limited, for which no charge is received. The Company did not make any payments to key management

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

4 Tax credit on profit on ordinary activities

Analysis of credit in the year	2009 £'000	2008 £'000
Current tax - continuing operations		
- UK corporation tax on profits for the year	(396)	(276)
- Under provision in respect of prior periods	(17)	23
Total current tax credit	(413)	(253)
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Total tax credit	(413)	(253)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 28% (2008 28.5%)	-	-
Effects of		
Other permanent differences and UK transfer pricing	(396)	(271)
Adjustment to tax in respect of prior periods	(17)	23
Effect of tax rate changes	-	(5)
Total tax credit for the year	(413)	(253)

Current tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

5 Trade and other receivables

	2009	2008
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by fellow group undertakings	4,404	4,111
Corporation tax receivable	396	276
Total Receivables	4,800	4,387

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

Amounts owed by fellow group undertakings are not charged interest

6 Trade and other payables

	2009	2008
	£'000	£'000
Amounts falling due within one year:		
Amounts owed to fellow group undertakings	89,655	89,655
Total Payables	89,655	89,655

Payables are stated at book value which approximates to their fair value

Amounts owed to fellow group undertakings do not bear interest

The above payables are due within one year based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

7 Called up share capital

Authorised	2009	2008
	£	£
1000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid	2009	2008
	shares	shares
	£'000	£'000
Ordinary shares of £1 each	2	-

Chiron Technologies Limited

Notes to the Financial Statements for the year ended 31 December 2009 (continued)

8 Related party transactions

The Company is controlled by Chiron Vaccines Holdings Limited (incorporated in the UK), which owns 100% of the Company's shares. The ultimate parent of the Company is Novartis AG, incorporated in Switzerland.

No interest was charged or due on payables to and receivables from other group undertakings during the period (2008: £nil).

	2009 £'000	2008 £'000
Receivables from related parties		
Immediate parent	4,111	4,111
Fellow group undertakings	293	-
	4,404	4,111
Payables to related parties		
Fellow group undertakings	(89,655)	(89,655)
	(89,655)	(89,655)

9 Cash generated from operations

	2009 £'000	2008 £'000
Loss before tax	-	-
Changes in working capital (excluding the effects of exchange differences)		
Trade and other payables	-	(621)
Cash generated from operations	-	(621)

10 Ultimate parent undertaking 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 Chiron Technologies Limited is a member and for which group accounts are drawn up.