Imutran Limited

Annual Report
for the year ended 31 December 2007

Registered no: 1785251

Imutran Limited

Annual Report
for the year ended 31 December 2007

Directors and Advisors

Directors

S Saxena
R J Brazier

Secretary

H Roberts

Registered office

Frimley Business Park
Frimley
Camberley
Surrey
GU16 7SR

Independent Auditors

PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Directors' Report for the year ended 31 December 2007

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2007. These financial statements are prepared under EU adopted International Financial Reporting Standards ("IFRS")

Principal activity

The Company is a private limited Company, domiciled and incorporated in the United Kingdom. The registered office, as detailed on the previous page, is also the principal place of business.

Review of business and future developments

The Company's profit for the year was £130,000 (2006· £110,000) as set out in the Income Statement

The Directors consider that the financial position of the Company at 31 December 2007 and the result for the year then ended were satisfactory.

The Company is expected to continue providing loans to follow group undertakings.

Principal risks and uncertainties

The Directors do not consider there to be any material risks and 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

Dividends

The Directors do not recommend the payment of a dividend for the year (2006: £nil).

Directors

The Directors who held office during the year and up to the date of approval of the Annual Report were as follows:

S Saxena
R J Brazier

Directors' Report
for the year ended 31 December 2007 (continued)

Political and charitable donations

The Company made no charitable or political donations in the year (2006: £nil).

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 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 (see note 1);
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements

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.

Directors' Report
for the year ended 31 December 2007 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

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 each 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.

Independent Auditors

An elective resolution has been passed to maintain PricewaterhouseCoopers LLP as auditors until such time as the Board decides otherwise.

By order of the Board

H Roberts

H Roberts
Company Secretary
Date: 9 April 2008

Independent auditors' report to the members of Imutran Limited

We have audited the financial statements of Imutran Limited for the year ended 31 December 2007 which comprise the Income Statement, the Statement of Changes in Shareholders' Equity, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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

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

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
Date: 24 April 2008

Income Statement
for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Finance income	3	186	145
Profit before tax	4	186	145
Taxation	5	(56)	(44)
Profit for the financial year		130	101

All income and expenses shown in the income statement relate to continuing operations.

Statement of Changes in Shareholders' Equity for the year ended 31 December 2007

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2006	1	2,649	3	1,323	3,976
Profit for the financial year	-	-	-	101	101
At 31 December 2006	1	2,649	3	1,424	4,077
Profit for the financial year	-	-	-	130	130
At 31 December 2007	1	2,649	3	1,554	4,207

Balance Sheet as at 31 December 2007

Assets	Note	2007 £'000	2006 £'000
Current Assets			
Trade and other receivables	6	4,263	4,120
		4,263	4,120
Liabilities			
Current Liabilities			
Current tax liabilities		56	43
		56	43
Net Current Assets		4,207	4,077
Net Assets		4,207	4,077
Shareholders' Equity			
Ordinary shares	7	1	1
Share premium account		2,649	2,649
Capital redemption reserve		3	3
Retained earnings		1,554	1,424
Total Shareholders' Equity		4,207	4,077

The financial statements on pages 7 to 16 were approved by the Board of Directors on 9 April 2008 and were signed on its behalf by:

S Saxena
Director

Notes to the Financial Statements for the year ended 31 December 2007

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.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) endorsed by the European Union (EU) and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(a) Standards, interpretations and amendments effective in 2007 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the Company's operations.

- IFRS 7, 'Financial instruments. Disclosures'.
- IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

- IFRS 4, 'Insurance contracts';
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies', and
- IFRIC 9, 'Re-assessment of embedded derivatives'.
- IFRIC 10, 'Interim financial reporting and impairment'

(b) Standards, interpretations and amendments to existing standards that are not yet effective and not relevant for the Company's operations

The following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Company's operations:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This standard is not relevant for the Company's operations because there are no such qualifying assets.
- 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'. This standard does not have any impact on the Company's financial statements.
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Company's financial statements.

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Company's operations because it does not provide for public sector services.

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values IFRIC 13 is not relevant to the Company because it does not operate any loyalty programmes.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 is not relevant to the Company because it does not operate a defined benefit pension scheme.

Related party disclosures

The Company is a wholly owned subsidiary of Novartis Pharma AG, which itself is a wholly owned subsidiary of Novartis AG; both companies are incorporated in Switzerland. All intra group and other related party disclosure as required under IAS 24 is included in note 8.

Cash flow statement

No cash flow statement has been presented as a result of no trading or cash movements in the Company during the year and the previous year.

Finance income

Finance income is recognised as interest is accrued on loans to group undertakings, which is charged at base rate plus 1%

Taxation

The income tax charge recognised in the income statement is at the standard rate of corporation tax (30%) on operating profit for the year after accounting for any timing differences.

Notes to the Financial Statements (continued)

1 Principal accounting policies (continued)

Receivables

Intercompany receivables are amounts owed by fellow group undertakings and are recorded at an amount which equals its realisable value.

2 Directors, key management compensation and employees

None of the Directors received any emoluments in respect of their services to the Company during the year (2006· £nil).

The Company did not employ anyone during the year (2006: £nil). All duties are performed by employees of a fellow subsidiary undertaking, for which no charge is received.

3 Finance income

	2007 £'000	2006 £'000
Interest income on loans to group undertakings	186	145
Finance income	186	145

4 Profit before tax

No items (2006: £nil) other than finance income (as noted above) have been credited/charged in arriving at the profit before tax.

Remuneration of the auditors for 2007 and 2006 was borne by Novartis UK Limited, for which no re-charge was made to the Company.

Notes to the Financial Statements (continued)

5 Taxation

Analysis of charge in the year:	2007 £'000	2006 £'000
Current tax·		
UK corporation tax on profits in the year	56	44
Total current tax	56	44

The charge for the year can be reconciled to the profit per the income statement as follows

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	186	145
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 30% (2006· 30%)	56	44
Total current tax	56	44

6 Trade and other receivables

Amounts falling due within one year:	2007 £'000	2006 £'000
Amounts owed by fellow group undertakings	4,263	4,120
	4,263	4,120

All trade and other receivables are stated at book value which approximates to its realisable value.

Amounts owed by fellow group undertakings are unsecured and repayable on demand Interest is received at the Bank of England base rate less 1.0%.

Notes to the Financial Statements (continued)

7 Called up share capital

Authorised	2007 £	2006 £
4,778,130 ordinary shares of 1p each	47,781	47,781
31,437 'B' 7% redeemable cumulative preference shares of 10p each	3,144	3,144
32,500 deferred shares of 1p each	325	325
	51,250	51,250

Issued and fully paid	2007 Shares	2007 £	2006 Shares	2006 £
Ordinary shares of 1p each	42,200	422	42,200	422
Deferred shares of 1p each	32,500	325	32,500	325
	74,700	747	74,700	747

The rights of each class of share are as follows:

Dividend rights
The ordinary shareholders may receive a dividend as determined by the Company out of the balance of profits. The deferred shareholders have no rights to dividends.

Capital
In the event of a winding up or upon reduction or return of capital, the assets of the Company shall be applied as follows:

- In paying 1p per share to each ordinary shareholder, together with any premium paid on issue, or on the issue of any share from which the ordinary shares were derived.
- The balance to be distributed among the holders of the ordinary shares.

The deferred shareholders will receive 1p for each share after the ordinary shareholders have received £1million per share.

Voting rights
Every ordinary shareholder has one vote for every share held. Shareholders owning deferred shares have no voting rights.

Redemption of 'B' preference shares
All of the 'B' redeemable cumulative preference shares were redeemed on 9 August 1998 at par.

Novartis Pharma AG, the holder of the 'B' redeemable cumulative preference shares, waived their rights to dividends on these shares up to the redemption date.

Notes to the Financial Statements (continued)

8 Related party transactions

Year end balances arising from sales and purchases of goods and services and financing activities are as follows:

	2007 £'000	2006 £'000
Financing receivable from related parties		
Fellow subsidiary	4,263	4,120

Transactions during the year are as follows

	2007 £'000	2006 £'000
Interest receivable from related parties		
Fellow subsidiary	186	145

9 Ultimate Parent undertakings 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 Novartis Nutrition UK Limited is a member and for which group accounts are drawn up.

Novartis UK Limited, incorporated in Switzerland, is the parent undertaking of the smallest group of which Imutran Limited is a member