

Novartis Europharm Limited

Annual Report

For the year ended 31 December 2007

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REGISTERED No 3068306

Novartis Europharm Limited

Annual report for the year ended 31 December 2007

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Novartis Europharm Limited

Directors' report for the year ended 31 December 2007

The Directors present the report and the audited financial statements for the year ended 31 December 2007

Activities and results

The principal activity of the Company is to hold licences in pharmaceutical products.

The Directors do not foresee any major change in the nature or scale of activities at present

Dividends

The Directors do not recommend the payment of a dividend

Directors

The following persons served as directors during the year and subsequently

Mr G Feutren (Resigned 30 April 2008)

Dr J Creba (Resigned 23 November 2007)

Mr S Saxena

Ms N C Dyer (Appointed 23 November 2007)

Review of Business and Future Developments

The Company's profit for the year was £6,114 (2006 £7,591) 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

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

Novartis Europharm Limited

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the next page, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements

The Directors are required by UK Company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial period

The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent estimates have been made in the preparation of the financial statements for the year ended 31 December 2007. The Directors also confirm that applicable accounting standards have been followed and that the financial statements are prepared on the going concern basis

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors confirm that, as far as they are aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and that they have each taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangements, in accordance with generally accepted accounting principles or practice

By order of the board



H Roberts
Secretary

2 June 2008

Registered Office

Wimblehurst Road, Horsham
West Sussex, RH12 5AB

Novartis Europharm Limited

Independent Auditors' report to the shareholders of Novartis Europharm Limited

We have audited the financial statements of Novartis Europharm Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The director's responsibilities for the preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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).

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

We also 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.

Novartis Europharm Limited

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.

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 United Kingdom Generally Accepted Accounting Practice, 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.



~~Chartered Accountants~~
Registered Auditor
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Date: 9/6/08

Novartis Europharm Limited

Profit and loss account for the financial period ended 31 December 2007

	Notes	2007 £	2006 £
Turnover		1,976,714	2,501,180
Net operating expenses	2	(1,963,364)	(2,487,649)
Profit on ordinary activities before taxation		<u>13,350</u>	<u>13,531</u>
Tax on ordinary activities	5	(7,236)	(5,940)
Profit for the financial period attributable to shareholders	9	<u>6,114</u>	<u>7,591</u>

The above results all relate to continuing activities

There is no difference between the profit on ordinary activities and the retained profit for the period stated above and their historical cost equivalents

The notes on pages 7 to 10 form part of these financial statements

Novartis Europharm Limited

Balance Sheet at 31 December 2007

	Notes	2007 £	2006 £
Current Assets			
Debtors	6	1,972,570	2,783,041
Cash at bank and in hand		41,156	45,050
		<u>2,013,726</u>	<u>2,828,091</u>
Creditors: Amounts falling due within one year	7	(1,914,890)	(2,735,369)
Net current assets		<u>98,836</u>	<u>92,722</u>
Total assets less current liabilities		<u>98,836</u>	<u>92,722</u>
Capital and reserves			
Called up Share Capital	8	10,000	10,000
Profit and Loss Account	9	88,836	82,722
Equity Shareholder's Funds	10	<u>98,836</u>	<u>92,722</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on

Mr S Saxena

Director

2 June 2008

The notes on pages 7 to 10 form part of these financial statements.

Novartis Europharm Limited

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historic cost convention

Turnover

Turnover is the amount invoiced in the ordinary course of business, excluding value added tax

Deferred Taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered

Cash Flow Statement

The company has taken advantage of the exemption under FRS 1 (revised) and not published a cash flow statement. The cash flows of the company are included in the consolidated cash flow of the ultimate parent undertaking

2 Profit and loss

The Profit on ordinary activities is stated after charging £1,750 Auditors' remuneration for audit services (2006 £1,750)

3 Employee information

The Company did not employ anyone during the period, (2006 – None) employee services provided by group companies were recharged

4 Directors' remuneration

No remuneration was paid to the Directors during the period (2006 - £Nil)

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5 Taxation

	2007 £	2006 £
United Kingdom corporation tax at 30% (2006 – 30%)	4,999	3,328
Deferred tax timing differences, origination and reversal	2,111	2,612
Total Current Year Taxation	7,110	5,940
Prior Year Taxation	126	-
	7,236	5,940
Factors affecting the charge for the year		
Profit on ordinary activities before taxation	13,350	13,531
Tax at 30% (2006 – 30%) on profit on ordinary activities	4,005	4,059
Expenses not deductible for tax purposes	2,859	1,881
Capital allowances in excess of depreciation	(1,865)	(2,612)
Prior period adjustments	126	-
Tax charge for the year	5,125	3,328
Deferred Tax Asset Note		
Movement on deferred taxation balance in the period		
	2007 £	2006 £
Opening balance	7,332	9,944
Debit to profit and loss account	(2,111)	(2,612)
Closing balance	5,221	7,332
Analysis of Deferred Tax Balance		
Capital allowances in excess of depreciation	5,221	7,332

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6 Debtors

	2007 £	2006 £
Amounts falling due within one year		
Amounts due from Group Companies	1,960,272	2,771,037
Other debtors	7,077	4,672
Amounts falling due within more than one year		
Deferred tax asset (note 5)	5,221	7,332
	1,972,570	2,783,041

7 Creditors - amounts falling due within one year

	2007 £	2006 £
Amounts due to Group Companies	1,905,043	2,726,171
Current corporation tax	4,999	3,328
Accruals	4,848	5,870
	1,914,890	2,735,369

8 Called up share capital

	2007 £	2006 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, Issued and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

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9 Profit and loss account

	2007 £
Retained Profits at the start of the year	82,722
Profit for the Year	6,114
Retained Profits at end of Year	<u>88,836</u>

10 Reconciliation of movement in shareholder's funds

	2007 £	2006 £
Opening shareholder's funds	92,722	85,131
Profit for the Year	6,114	7,591
Closing shareholder's funds	<u>98,836</u>	<u>92,722</u>

11 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Novartis Pharma AG, a company incorporated in Switzerland and itself owned by Novartis AG. The Directors regard Novartis AG as the ultimate parent company and controlling party. Copies of the ultimate parent's consolidated financial statements may be obtained from the following address: The Secretary, Novartis AG, Building S-210, CH-4002 Basle, Switzerland.

12 Related parties

The Company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Transactions" from the requirement to disclose transactions with related parties on the grounds that 90% or more of the voting rights of the Company are controlled within the Novartis AG group.