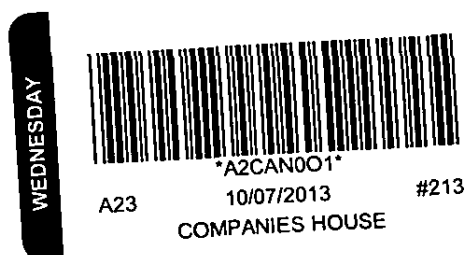




Chugai Pharma UK Limited
Report and Financial Statements

31 December 2012



Chugai Pharma UK Limited

Registered No 2814621

Directors

R Currie
J L S Halls
K Nishikawa
Y Saito
M Tohaya

Secretary

T Furukawa

Auditors

KPMG LLP
15 Canada Square
London E14 5GL

Bankers

Sumitomo Mitsui Banking Corporation Europe Ltd
99 Queen Victoria Street
London EC4V 4EH

Solicitors

Clifford Chance LLP
200 Aldersgate Street
London EC1A 4JJ

Registered Office

Mulliner House
Flanders Road
Turnham Green
London W4 1NN

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The loss for the year, after taxation, amounted to £2,897,256 (2011 – £2,123,465) The directors do not recommend an ordinary dividend (2011 – £nil)

Principal activity and review of the business

The principal activity of the company is to operate in the pharmaceuticals sector

During the year, the company has continued to sustain the sales of its existing portfolio of products and has looked to develop its markets for its new products. The company maintains a strong and experienced commercial outlook and is in a good position to take advantage of any opportunities which may arise

Future developments

In October 2009 Chugai jointly launched a new product with Roche UK named RoActemra into the UK market for rheumatoid arthritis. This product was developed through the Chugai group research and development pipeline in Japan and represents a major product launch for the company. The company received a positive National Institute of Clinical Excellence ('NICE') recommendation for 3rd line biologic use of RoActemra in rheumatoid arthritis in August 2010, this was reviewed in February 2012 to recommend RoActemra as a 1st line combination biologic option. In 2011 RoActemra was granted a licence for and recommended by NICE for use in sJIA (systemic Juvenile Idiopathic Arthritis). In June 2013 RoActemra was granted a licence for pJIA (polyarticular Juvenile Idiopathic Arthritis). At The European League against Rheumatism (EULAR) Annual European Congress in June 2012 the ADACTA study head-to-head data showing superiority over our main competitor was published. As a result of this in September 2012 the Scottish Medicines Consortium (SMC) granted full guidance to RoActemra for use in monotherapy in Scotland. Currently both EULAR and the BSR have drafted guidelines suggesting the use of RoActemra as a monotherapy and publications are expected in 2013. NICE is currently reviewing the use of biologics in the DMARD-ir setting, including using RoActemra as a monotherapy, but an announcement is not expected until late 2014. The Company is expecting to continue expanding its licensed indications for use of RoActemra in the coming years. The company is continuing with an agreement with Roche UK to co-promote MabThera in the indication of chronic lymphocytic leukemia (CLL). Chugai Pharma UK has sole responsibility for the promotion of this indication and Roche UK pays Chugai UK a fee for its activities. The company has also entered into an agreement with Roche UK to co-promote MabThera in the indication of rheumatoid arthritis and Roche UK will pay Chugai UK an additional fee for its activities. Chugai UK will continue to promote its G-CSF Granocyte product where competition from biosimilar products has resulted in reduced revenue despite volumes remaining stable.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are

Competitive risks

Biosimilar G-CSF products were introduced into the UK market in 2009 and these have an impact on financial performance of our G-CSF product Granocyte both now and in the future.

Legislative risks

In the UK, new product launches and some existing products need to obtain approval for use within the National Health Service ('NHS') by the National Institute of Health and Clinical Excellence (NICE). New products have to demonstrate to NICE that they are cost effective and represent a value for money for the

Directors' report

NHS The recommendation for a product by NICE strongly impacts the financial performance and position of both product and company

Pricing risks

Product prices are governed by the Department of Health guidelines established through the Price Protection Regulation Scheme ('PPRS') The pricing of the products agreed under the PPRS Scheme may influence the financial performance based on the product price agreed

Going concern

The company's business activities, together with the factors likely to affect its future development and its financial position are described here in the Directors report

The company has access to considerable group financial resources and long term distribution agreements for existing products across the UK and Ireland The company has an established product base and is looking to add new products to its portfolio To support the future development of new products and their entry into the related market, in 2011 the Directors increased the Company's share capital by £4,000,000 and also agreed an intra-group loan facility of £3,000,000 to support the company's anticipated expenditure on ongoing new product launch costs and co-promotional activity

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

Research and development

The company is actively seeking in-license opportunities and possible co-promotion agreements with other pharmaceutical companies

Directors

The directors who served the company during the year and appointed subsequently were as follows

R Currie (Appointed 1 January 2013)

J L S Halls

N Nakamura (Resigned 2 April 2012)

K Nishikawa

Y Saito

K Kono (Appointed 2 April 2012, resigned 1 January 2013)

M Tohaya (Appointed 1 January 2013)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' report

Auditors

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of KPMG LLP as auditor of the Company

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J L S Halls', followed by a period.

J L S Halls

Director

4 July 2013

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditors' report

to the members of Chugai Pharma UK Limited

We have audited the financial statements of Chugai Pharma U K Limited for the year ended 31 December 2012 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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, and express an opinion on, 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 (APB's) Ethical Standards for Auditors.

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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Independent auditors' report (continued)

to the members of Chugai Pharma UK Limited

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



Myles Thompson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

8 July 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	10,050,632	9,329,426
Cost of sales		(3,089,595)	(3,582,955)
Gross profit		6,961,037	5,746,471
Administrative expenses		(9,885,650)	(7,893,439)
Other operating income		17,473	11,970
Operating loss	3	(2,907,140)	(2,134,998)
Interest receivable	6	9,884	13,237
Interest payable	7	-	(1,704)
Loss on ordinary activities before taxation		(2,897,256)	(2,123,465)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year attributable to members of parent company		(2,897,256)	(2,123,465)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £2,897,256 (2011 £2,123,465) in the year ended 31 December 2012

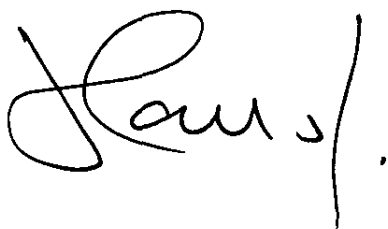
Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangibles	9	-	46,307
Tangible assets	10	69,877	65,973
		<u>69,877</u>	<u>112,280</u>
Current assets			
Stocks	11	309,106	1,083,781
Debtors	12	3,788,123	3,269,192
Cash at bank		1,225,193	2,929,122
		<u>5,322,422</u>	<u>7,282,095</u>
Creditors: amounts falling due within one year	13	(3,065,343)	(2,170,163)
Net current assets		<u>2,257,079</u>	<u>5,111,932</u>
Total assets less current liabilities		<u>2,326,956</u>	<u>5,224,212</u>
Capital and reserves			
Called up share capital	15	9,000,000	9,000,000
Profit and loss account	16	(6,673,044)	(3,775,788)
Shareholders' funds	16	<u>2,326,956</u>	<u>5,224,212</u>

The accompanying notes on pages 11 to 20 form part of the financial statements

The financial statements were approved by the Board of Directors on 4 July and signed on its behalf by



J L S Halls
Director
4 July 2013

Statement of cash flows

for the year ended 31 December 2012

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> £
Net cash outflow from operating activities	17(a)	(1,675,281)	(2,610,145)
Returns on investments and servicing of finance	17(b)	9,884	11,533
Taxation	17(c)	-	342,777
Capital expenditure	17(d)	(38,532)	(41,131)
Equity funding	17(e)	-	4,000,000
Management of liquid resources	17(f)	1,737,727	(1,671,417)
Increase in cash		<u>33,798</u>	<u>31,617</u>

Reconciliation of net cash flow to movement in net funds

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> £
Increase in cash		33,798	31,617
Cash inflow/(outflow) from movement in liquid resources	17(f)	(1,737,727)	1,671,418
Change in net funds		<u>(1,703,929)</u>	<u>1,703,035</u>
Net funds at 1 January	17(g)	2,929,122	1,226,087
Net funds at 31 December	17(g)	<u>1,225,193</u>	<u>2,929,122</u>

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The company's business activities, together with the factors likely to affect its future development and its financial position are described here in the Directors report

The company has access to considerable group financial resources and long term distribution agreements for existing products across the UK and Ireland. The company has an established product base and is looking to add new products to its portfolio. To support the future development of new products and their entry into the related market, in 2011 the Directors increased the Company's share capital by £4,000,000 and also agreed an intra-group loan facility of £3,000,000 to support the company's anticipated expenditure on ongoing new product launch costs and co-promotional activity.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Marketing rights

The marketing rights represent the compensation paid for the surrender of an exclusive licence and sub-licence agreement. The payment has been capitalised and is being amortised in equal annual instalments over its estimated useful life of 10 years.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	–	4 years
Computer equipment	–	4 years

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

Research and development expenditure

Research and development expenditure is written off as incurred.

Research expenditure is charged to the profit and loss account as it becomes payable in accordance with the financial arrangements entered into with the project. Expenditure for which the company has a liability at the year end is included within creditors.

Stocks

Stocks are stated at the lower of cost and net realisable value and are valued on a first in, first out basis. Costs include all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods from the distributor.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating leases

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2012

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report

An analysis of turnover by geographical market is given below

	2012 £	2011 £
United Kingdom	9,829,560	9,088,145
Republic of Ireland	221,072	241,281
	<u>10,050,632</u>	<u>9,329,426</u>

3. Operating loss

This is stated after charging

	2012 £	2011 £
Auditors' remuneration – audit of the financial statements	21,380	20,760
– taxation services	6,800	6,818
– half year review	2,535	2,460
	<u>30,715</u>	<u>30,038</u>
Depreciation of owned fixed assets	34,144	27,053
Amortisation of marketing rights	6,039	24,888
Impairment of marketing rights	40,268	144,497
	<u>70,451</u>	<u>196,443</u>
Loss on disposal of fixed assets	514	50
	<u>70,965</u>	<u>196,493</u>
Operating lease rentals – plant and machinery	116,342	101,462
	<u>187,307</u>	<u>297,955</u>

4. Directors' remuneration

	2012 £	2011 £
Aggregate remuneration in respect of qualifying services	206,687	190,607
Company contributions paid to defined contribution pension schemes	31,855	29,351
	<u>No</u>	<u>No</u>
Members of defined contribution pension schemes	1	1
	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2012

The amounts in respect of the highest paid director are as follows

	2012 £	2011 £
Aggregate remuneration in respect of qualifying services	206,687	190,607

5. Staff costs

	2012 £	2011 £
Wages and salaries	2,580,471	2,306,273
Social security costs	323,239	291,443
Other pension costs	207,068	163,911
	<u>3,110,778</u>	<u>2,761,627</u>

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

	2012 No	2011 No
Administration	3	3
Sales and marketing	35	31
Clinical	2	2
Total	<u>40</u>	<u>36</u>

6. Interest receivable

	2012 £	2011 £
Other interest receivable	-	5,332
Bank interest receivable	9,884	7,905
Total	<u>9,884</u>	<u>13,237</u>

7. Interest payable

	2012 £	2011 £
Intercompany interest payable	-	1,683
Other interest payable	-	21
Total	<u>-</u>	<u>1,704</u>

Notes to the financial statements

at 31 December 2012

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012	2011
	£	£
<i>Current tax</i>		
UK corporation tax on the loss for the year	-	-
Tax under provided from previous years	-	-
Total current tax (note 8(b))	-	-
<i>Deferred tax</i>		
Origination of timing differences	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting current tax (credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before taxation	(2,897,256)	(2,123,465)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(709,828)	(562,718)
<i>Effects of</i>		
Expenses not deductible for tax purposes	32,649	22,056
Decelerated/(accelerated) capital allowances	2,873	1,504
Unrelieved tax losses carried forward	674,306	539,158
Current tax for the year (note 8(a))	-	-

(c) Deferred tax

A deferred tax asset on the accumulated carried forward losses of £1,682,592 and accumulated accelerated capital allowance of £7,600 has not been recognised as at 31 December 2012 as there is currently insufficient certainty regarding their recoverability in the foreseeable future

(d) Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets accordingly.

Notes to the financial statements

at 31 December 2012

9. Intangible fixed assets

	<i>Marketing rights</i> £
Cost or valuation	
At 1 January 2012 and 31 December 2012	248,876
Amortisation	
At 1 January 2012	202,569
Provided during the year	6,039
Impairment	40,268
At 31 December 2012	248,876
Net book value	
At 31 December 2012	-
At 1 January 2012	46,307

Included within costs are the following

£248,876 representing compensation paid for the exclusive marketing rights in Ireland

Impairment testing

During the year management conducted an impairment review of marketing rights. The review indicated that the marketing rights' carrying amount exceeded its recoverable amount by £40,268 and consequently has been written down by this amount. The impairment loss has been recognised within the profit and loss account. The recoverable amount of the marketing rights is based on its value in use over the period in which cash flow is generated through the use of the marketing rights.

10. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost			
At 1 January 2012	19,142	154,826	173,968
Additions	7,827	30,705	38,532
Disposals	-	(561)	(561)
At 31 December 2012	26,969	184,970	211,939
Depreciation			
At 1 January 2012	16,034	91,961	107,995
Provided during the year	1,718	32,396	34,114
Disposals	-	(47)	(47)
At 31 December 2012	17,752	124,310	142,062

Notes to the financial statements

at 31 December 2012

10. Tangible fixed assets (continued)

Net book value At 31 December 2012	9,217	60,660	69,877
At 1 January 2012	3,108	62,865	65,973

11. Stocks

	2012 £	2011 £
Finished goods	309,106	1,083,781

12. Debtors

	2012 £	2011 £
Trade debtors	1,316,890	1,776,195
Amounts owed by group undertakings	2,111,791	1,281,942
Prepayments and accrued income	355,801	211,055
Other debtors	3,641	-
	3,788,123	3,269,192

13. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	231,975	163,287
Amounts owed to group undertakings	1,950,532	902,469
Other taxes and social security costs	370,335	313,502
Accruals and deferred income	512,501	790,905
	3,065,343	2,170,163

14. Commitments

At 31 December 2012 the company had the following commitments

(a) Under non-cancellable operating leases as set out below

	<i>Plant and machinery</i>	
	2012 £	2011 £
Operating leases which expire		
Within one year	10,403	41,806
In two to five years	74,721	40,768
	85,124	82,574

Notes to the financial statements

at 31 December 2012

(b) Loan facility

To support the future development of new products and their entry into the related market, in 2011 the Directors agreed an intra-group loan facility with Chugai Pharma Marketing Ltd, the immediate parent company of £3,000,000 to support the company's anticipated expenditure on ongoing new product launch costs and co-promotional activity. To date no funds have been drawn down.

15. Issued share capital

		2012		2011
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	9,000,000	9,000,000	9,000,000	9,000,000

In December 2011 the company allotted 4,000,000 ordinary shares to Chugai Pharma Marketing limited and received £4,000,000 as full payment.

16. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2011	5,000,000	(1,652,323)	3,347,677
Share Capital Issued	4,000,000	-	4,000,000
Loss for the year	-	(2,123,465)	(2,123,465)
At 31 December 2011	9,000,000	(3,775,788)	5,224,212
Loss for the year	-	(2,897,256)	(2,897,256)
At 31 December 2012	9,000,000	(6,673,044)	2,326,956

17. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2012	2011
	<i>£</i>	<i>£</i>
Operating loss	(2,907,140)	(2,134,998)
Depreciation	34,114	27,053
Amortisation of marketing rights	6,039	24,888
Impairment of marketing rights	40,268	144,497
Loss on disposal of fixed assets	514	50
Decrease/(increase) in stock	774,675	(346,854)
Increase in debtors	(518,931)	(175,294)
Increase/(decrease) in creditors	895,180	(149,487)
Net cash outflow from operating activities	(1,675,281)	(2,610,145)

Notes to the financial statements

at 31 December 2012

17. Notes to the statement of cash flows (continued)

(b) Returns on investments and servicing of finance

	2012 £	2011 £
Interest receivable	9,884	13,237
Interest payable	-	(1,704)
	<u>9,884</u>	<u>11,533</u>

(c) Taxation

	2012 £	2011 £
Corporation tax repayment	-	342,777
	<u>-</u>	<u>342,777</u>

(d) Capital expenditure

	2012 £	2011 £
Payments to acquire tangible fixed assets	(38,532)	(41,131)
	<u>(38,532)</u>	<u>(41,131)</u>

(e) Share capital

	2012 £	2011 £
Share capital issued	-	4,000,000
	<u>-</u>	<u>4,000,000</u>

(f) Management of liquid resources

	2012 £	2011 £
Payments into short-term deposits	(65,932,084)	(45,440,867)
Withdrawals from short-term deposits	67,669,811	43,769,449
	<u>1,737,727</u>	<u>(1,671,418)</u>

Notes to the financial statements

at 31 December 2012

17. Notes to the statement of cash flows (continued)

(g) Analysis of changes in net funds

	<i>At 1 January 2012 £</i>	<i>Cash flows £</i>	<i>At 31 December 2012 £</i>
Cash at bank and in hand	101,395	33,798	135,193
Liquid resources	2,827,727	(1,737,727)	1,090,000
	<u>2,929,122</u>	<u>(1,703,929)</u>	<u>1,225,193</u>

Cash and liquid resources are included in cash at bank and in hand on the balance sheet

18. Pension commitments

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions at the year end.

19. Related party transactions

The company has taken advantage of the exemptions available in Financial Reporting Standard No. 8 and has not disclosed transactions with entities which are part of the Chugai Pharmaceutical Co Ltd and Chugai Pharma Marketing Limited group in these financial statements.

During the year, the company entered into transactions, in the ordinary course of business with another group company in the Roche Holdings AG group, namely with Roche Products Ltd. Transactions entered into, and trading balances as at 31 December are as follows:

	<i>2012 £</i>	<i>2011 £</i>
Sales to Roche Products Ltd	1,048,062	452,964
Purchases from Roche Products Ltd	—	—
Amounts Owed from Roche Products Ltd	247,515	138,226
Amounts Owed to Roche Products Ltd	-	-

20. Ultimate parent company and controlling party

In the opinion of the directors, the ultimate parent undertaking is Roche Holdings AG, which is incorporated in Switzerland. The parent undertaking of the smallest group which includes the company and for which group financial statements are prepared is Chugai Pharma Marketing Ltd, a company incorporated in the United Kingdom.

The parent undertaking of the largest group which includes the company and for which group financial statements are prepared is Roche Holdings AG. Financial statements of the ultimate parent undertaking can be obtained from Grenzacherstrasse 124, CH-4070 Basel, Switzerland.