

KPMG



Pfizer Limited

Directors' report and financial statements

30 November 1998

Registered number 526209

Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 1998.

Principal activities

The principal activity of the company is the discovery, development, manufacture and marketing of pharmaceutical and animal health products.

Results and dividends

The audited accounts for the year ended 30 November 1998 are set out on pages 6 to 22.

The company generated an after tax profit of £225,772,000 (1997: £150,367,000). The directors propose a final dividend of £18,123,000 (1997: £123,409,000 paid). The retained profit for the year of £207,649,000 will be transferred to reserves.

Presentation of profit and loss account

Royalty income of £214,882,000 which would previously have been included within other operating income has been included within turnover. The directors believe that this presentation better reflects the nature of the company's activities.

The 1997 comparatives have been restated on this basis, resulting in an increase in turnover of £287,173,000 and a corresponding decrease in other operating income. Profit on ordinary activities before taxation is unaffected.

Business review

On 28 November 1997 a portion of the company's activity, including the rights and obligations under certain patents and related licence agreements, was assigned to a newly incorporated subsidiary of the company. This subsidiary reported turnover of £112,548,000 and profit on ordinary activities before taxation of £94,585,000 for the period ended 30 November 1998 which would previously have been included within the results of the company.

The profit and loss account for the year is set out on page 6 and reflects a continuing healthy level of activity overall, in spite of difficult market conditions in some areas and most particularly the adverse impact of parallel imports.

Products launched during the year include VIAGRA™, an oral treatment for erectile dysfunction which was discovered and developed in the UK. This has contributed to turnover both from direct sales and also from royalty inflows. The expansion of facilities, both for research and development and for manufacturing, continued during the year and further significant expenditure is planned for 1999 and subsequent years.

The directors do not anticipate significant changes in operations during 1999, other than the introduction of new products.

Year 2000

A programme is underway which is designed to significantly reduce any adverse impact on the company's business and operations that may result from the year 2000 problem; this being the risk that systems may not accurately recognise and process date-sensitive information associated with the year 2000. The programme includes an assessment of the problem together with the formulation and implementation of action plans as appropriate. Inherent uncertainties are being managed as part of the company's contingency planning process.

It is estimated that the total cost of the year 2000 programme will be approximately £12 million. This takes into account amounts already spent, includes some expenditure on upgrading systems, and excludes the cost of employee time.

Directors' report *(continued)*

Research and development

The company continues to invest in research and development. This has resulted in the development of compounds which it is hoped will result in new products that will contribute to the long term success of the company.

Fixed assets

In the opinion of the directors the market value of the land and buildings is not less than the book value of these assets.

Political and charitable contributions

Donations to UK charities during the year amounted to £318,000 (1997: £213,000). The company made no political contributions during the year or the previous year.

Directors and directors' interests

The directors who held office during the year were as follows:

TGR Audley		
T Bentley		
RC Browning		
SF Campbell	(resigned 30 September 1998)	
PC Coe		
G Duncan	(USA)	
AA Dunning	(resigned 30 April 1998)	
K Fletcher	(appointed 1 May 1998)	
MC Hall		
ME Jones		
D McGibney		
KJ Moran	(Australia)	(Chairman)
AM Whitehead		
MJ Wilson		

A major restructuring of the management of the company took place on 8 April 1999. This involved a reduction in the size of the board and the establishment of a number of new committees to deal with specific areas of activity.

Accordingly, MJ Wilson ceased to be a director on 7 April 1999 and the following ceased to be directors on 8 April 1999:

RC Browning
G Duncan
K Fletcher
MC Hall
AM Whitehead

At no time during the year did any of the directors have any interest in the shares of the company or of any UK group company or any rights to subscribe for such shares.

Directors' report *(continued)*

Disabled employees

It is the policy of the company to give full and fair consideration to applications for employment made by disabled persons taking account of their particular abilities and aptitudes. Active policies to eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted. This approach has resulted in the receipt of the Employment Services "two ticks" symbol for the company's Central Research division. Should any existing employee become disabled every effort is made to ensure continuity of employment after appropriate assessment of special needs, suitable adjustment to accommodate the disability, retraining and resettlement. The same opportunity for training and career development is given to disabled employees as is given to employees generally.

Employee involvement

The company seeks open and direct relations with its employees through the provision of efficient formal and informal channels for communication. These include the publication of the monthly magazine, "Insite", consultation through a variety of committees as well as regular departmental meetings and more formal committee meetings.


The company actively promotes an "open door" management policy.

The Pfizer Group Share Ownership Scheme, through which shares in the ultimate parent company, Pfizer Inc., may be purchased annually, encourages employees of the participating companies to take a direct interest in the performance of the world-wide group.

Auditors

Pursuant to a shareholders' resolution, KPMG will continue in office as auditors.

By order of the board



RH Thomas
Secretary

Ramsgate Road
Sandwich
Kent
CT13 9NJ

25 June 1999

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those 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 accounting standards 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 proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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United Kingdom

Report of the auditors to the members of Pfizer Limited

We have audited the financial statements on pages 6 to 22.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs as at 30 November 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

25 June, 1999

Profit and loss account

for the year ended 30 November 1998

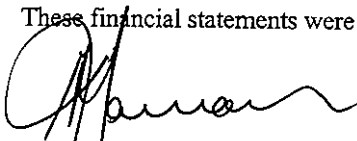
	Note	1998 £000	Restated 1997 £000
Turnover	2	514,137	553,887
Net operating costs	3	(279,633)	(319,149)
Operating profit		234,504	234,738
Income from shares in group undertakings		52,318	-
Other interest receivable and similar income	7	1,805	826
Amounts written off investments	13	(16,769)	-
Interest payable and similar charges	8	(4,535)	(2,675)
Profit on ordinary activities before taxation		267,323	232,889
Tax on profit on ordinary activities	9	(41,551)	(82,522)
Profit on ordinary activities after taxation		225,772	150,367
Dividends on equity shares	10	(18,123)	(123,409)
Retained profit for the financial year		207,649	26,958

The company has no recognised gains or losses other than those included in the profit and loss account for each period.
 The profit is derived from continuing operations.

Balance sheet
at 30 November 1998

	<i>Note</i>	1998 £000	1997 £000
Fixed assets			
Intangible assets	11	54,927	58,699
Tangible assets	12	504,008	401,412
Investments	13	21,055	37,823
		<hr/>	<hr/>
		579,990	497,934
Current assets			
Stocks	14	114,086	58,279
Debtors	15	266,845	179,124
Cash at bank and in hand		3,693	84
		<hr/>	<hr/>
		384,624	237,487
Creditors: amounts falling due within one year	16	(332,471)	(310,927)
		<hr/>	<hr/>
Net current assets/ (liabilities)		52,153	(73,440)
		<hr/>	<hr/>
Total assets less current liabilities		632,143	424,494
Creditors: amounts falling due after more than one year	17	(200,000)	(200,000)
		<hr/>	<hr/>
Net assets		432,143	224,494
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	86,300	86,300
Revaluation reserve	20	362	362
Profit and loss account	20	345,481	137,832
		<hr/>	<hr/>
Shareholders' funds		432,143	224,494
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 25 June 1999 and were signed on its behalf by:


KJ Moran
Director

Reconciliation of movements in shareholders' funds
for the year ended 30 November 1998

	1998 £000	1997 £000
Profit for the financial year	225,772	150,367
Dividends	(18,123)	(123,409)
	<hr/>	<hr/>
Net addition to shareholders' funds	207,649	26,958
Opening shareholders' funds	224,494	197,536
	<hr/>	<hr/>
Closing shareholders' funds	432,143	224,494
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as described under turnover below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Intangible assets

Purchased goodwill is capitalised and amortised in instalments of up to 20 years, based on the directors' estimate of its useful economic life.

Purchased concessions, patents, licences, trademarks and goodwill are amortised over their useful economic lives for periods of between 10 and 20 years.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	33 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	2 to 20 years

No depreciation is provided on freehold land or on assets in the course of construction.

Foreign currencies

Transactions in foreign currencies are recorded using the company's standard exchange rate for the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers and from royalty agreements.

Royalty income has been included within turnover (previously in other operating income) to reflect the revenue streams from one of the company's core activities as a research and development centre for the Pfizer worldwide group. The 1997 comparatives have been restated accordingly.

Research and development expenditure

Expenditure on research and development, is charged to the profit and loss account in the year in which it is incurred. Expenditure on fixed assets employed in research and development activities is capitalised.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company.

Employee share ownership plan

Employees of the company, subject to meeting the relevant criteria, are eligible to participate in the Pfizer group share ownership plan involving shares in Pfizer Inc, the company's ultimate parent company.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Notes (continued)

2 Analysis of turnover by geographical market and by class of business (1997 restated)

	Product sales		Royalties		Total	
	1998 £000	1997 £000	1998 £000	1997 £000	1998 £000	1997 £000
UK and Ireland	273,321	234,074	761	-	274,082	234,074
Rest of World	25,934	32,640	214,121	287,173	240,055	319,813
	<u>299,255</u>	<u>266,714</u>	<u>214,882</u>	<u>287,173</u>	<u>514,137</u>	<u>553,887</u>

Turnover includes exceptional non refundable advance royalty receipts of £41.6 million (1997: £58.9 million) relating to products discovered and developed by the company.

Segmental information is provided in the consolidated financial statements of the immediate parent company, Pfizer Group Limited

3 Net operating costs

	1998 £000	Restated 1997 £000
Cost of sales	183,195	166,681
Research and development expenditure	259,100	313,200
Research and development recharges	(233,737)	(235,900)
Royalty expense	21,101	36,873
Distribution costs	6,016	5,554
Administrative expenses	43,958	32,741
	<u>279,633</u>	<u>319,149</u>

Research and development expenditure for 1997 includes a £77.7 million charge for clinical trials performed on behalf of Pfizer Limited by a fellow group company. Of this amount £28.4 million was recharged to other group companies.

Research and development recharges comprises total charges to other group companies for research and development activities performed under cost sharing and other arrangements.

Cost of sales relates to costs associated with product sales. Information technology infrastructure costs relating to manufacturing activities previously included within administrative expenses have been included within cost of sales as the directors consider this more accurately represents the activities of the business. The 1997 comparatives have been restated accordingly.

Notes (continued)

4 Profit on ordinary activities before taxation

	1998 £000	1997 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	114	112
Other services - fees paid to the auditor and its associates	286	250
Depreciation and other amounts written off tangible fixed assets	37,393	32,192
Goodwill amortised	3,772	3,772
Loss on disposal of fixed assets	3,909	357
Hire of plant and machinery - rentals payable under operating leases	454	663
	<u> </u>	<u> </u>
<i>after crediting</i>		
Exchange gains	(1,599)	(1,405)
	<u> </u>	<u> </u>

5 Remuneration of directors

	1998 £000	1997 £000
Directors' emoluments	2,149	1,892
	<u> </u>	<u> </u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £619,000. He is a member of a defined benefit scheme, under which his accrued pension at the year end was £138,000. During the year, the highest paid director exercised share options and received shares under a long term incentive scheme.

In addition to the amounts disclosed above, the amounts receivable by directors in connection with their retirement from office was £533,000 (1997: nil). This represents compensation in respect of their services to companies of the Pfizer UK Group.

Notes (continued)

	Number of directors	
	1998	1997
Retirement benefits accrued to the following number of directors who served during the year under defined benefits schemes	14	14
The number of directors who exercised share options was	8	3
The number of directors receiving shares under long term incentive schemes was	1	1

References in this note to shares and share options are to those in the ultimate parent company, Pfizer Inc.

6 Staff numbers and costs

The average number of people employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1998	1997
Manufacturing	790	767
Research and development	1,714	1,593
Sales and distribution	626	484
Administration	438	399
	3,568	3,243

The aggregate payroll costs of these people were as follows:

	1998	1997
	£000	£000
Wages and salaries	122,751	102,422
Social security costs	10,347	8,871
Other pension costs	14,702	12,421
	147,800	123,714

Notes (continued)

7 Other interest receivable and similar income

	1998 £000	1997 £000
Receivable from group undertakings	1,665	743
Other	140	83
	<u>1,805</u>	<u>826</u>

8 Interest payable and similar charges

	1998 £000	1997 £000
Amounts payable on bank loans and overdrafts	265	469
Amounts payable to group undertakings	4,270	2,206
	<u>4,535</u>	<u>2,675</u>

9 Taxation

	1998 £000	1997 £000
UK corporation tax at 31% (1997 : 31.67%)	39,430	82,518
Adjustment relating to an earlier year	2,121	4
	<u>41,551</u>	<u>82,522</u>

10 Dividends and other appropriations

	1998 £000	1997 £000
Equity shares:		
Interim dividends paid	-	123,409
Final dividend proposed	18,123	-
	<u>18,123</u>	<u>123,409</u>

Notes (continued)

11 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At beginning and end of year	69,286
	<hr/>
<i>Amortisation</i>	
At beginning of year	10,587
Charged in year	3,772
	<hr/>
At end of year	14,359
	<hr/>
<i>Net book value</i>	
At 30 November 1998	54,927
	<hr/>
At 30 November 1997	58,699
	<hr/>

Goodwill relates to the 1996 acquisition of the UK operations of the SmithKline Beecham Animal Health business.

Notes (continued)

12 Tangible fixed assets

	Freehold land and buildings £000	Short term leasehold land and buildings £000	Plant and equipment £000	Payments on account and assets in course of construction £000	Total £000
<i>Cost or valuation</i>					
At beginning of year	167,498	2,073	314,020	72,664	556,255
Additions	-	-	-	145,797	145,797
Disposals	(1,140)	-	(19,436)	-	(20,576)
Transfers between items	16,205	225	42,256	(58,686)	-
Other transfers	-	-	(524)	-	(524)
At end of year	182,563	2,298	336,316	159,775	680,952
<i>Depreciation</i>					
At beginning of year	23,263	589	130,991	-	154,843
Charge for year	5,070	145	32,178	-	37,393
On disposals	(814)	-	(14,101)	-	(14,915)
Other transfers	-	-	(377)	-	(377)
At end of year	27,519	734	148,691	-	176,944
<i>Net book value</i>					
At 30 November 1998	155,044	1,564	187,625	159,775	504,008
At 30 November 1997	144,235	1,484	183,029	72,664	401,412

Fixed assets are stated at cost, other than land which includes a revaluation of £362,000.

Notes (continued)

13 Investments

List of principal subsidiaries

Company	Nature of company	1998 £000	1997 £000
Unicliffe Limited	Over the counter medicines (OTC)	21,054	37,823
Pfizer Technologies Limited	Development and exploitation of intellectual property	1	-
Pfizer Pension Trustees Limited	Trustees of the Group Pension Scheme	-	-
		<hr/>	<hr/>
		21,055	37,823
		<hr/>	<hr/>

The cost of investment in Unicliffe Limited has been written down by £16,769,000 to reflect a reassessment of the carrying value of certain of that company's brands used in its OTC business. This write down has no tax effect.

Pfizer Limited holds all the ordinary share capital of these companies which are all incorporated in England and Wales.

In the opinion of the directors the investments in the company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

14 Stocks

	1998 £000	1997 £000
Raw materials and consumables	48,659	8,087
Work in progress	33,890	14,086
Finished goods and goods for resale	31,537	36,106
	<hr/>	<hr/>
	114,086	58,279
	<hr/>	<hr/>

Notes (continued)

15 Debtors

	1998 £000	1997 £000
Trade debtors	73,049	60,509
Amounts owed by group undertakings	184,779	110,215
Other debtors	945	59
Prepayments and accrued income	8,072	8,341
	<hr/>	<hr/>
	266,845	179,124
	<hr/>	<hr/>

All debtors fall due within one year.

16 Creditors: amounts falling due within one year

	1998 £000	1997 £000
Bank loans and overdrafts	3,717	3,237
Trade creditors	27,372	29,302
Amounts owed to group undertakings	128,455	99,598
Other creditors including tax and social security		
UK corporation tax	37,046	58,644
Other taxation and social security	5,122	4,438
Proposed dividends	18,123	-
Pension scheme (see note 23)	2,405	2,293
Accruals and deferred income	110,231	113,415
	<hr/>	<hr/>
	332,471	310,927
	<hr/>	<hr/>

Notes (continued)

17 Creditors: amounts falling due after more than one year

	1998 £000	1997 £000
Convertible loan notes	200,000	200,000

In 1995 the company borrowed £200,000,000 from Pfizer Group Ltd by means of interest free convertible loan notes issued at par. These loan notes are repayable at par on maturity on 31 December 2043. Both parties have the option to convert the loan notes at any time during the loan period into 200,000,000 fully paid preference shares of £1 per share. The preference shares are non-voting, carry no dividend rights and receive priority over all other shares on winding up.

18 Provisions for liabilities and charges

No provision has been made for deferred taxation as no liability is expected to crystallise in the foreseeable future.

The amounts not provided are set out below:

	1998 £000	Unprovided 1997 £000
Accelerated capital allowances	63,924	24,871
Other timing differences	(12,246)	(6,059)
	51,678	18,812

19 Called up share capital

	1998 £000	1997 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	120,000	120,000
Non-equity: Preference shares of £1 each	400,000	400,000
	520,000	520,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	86,300	86,300

Notes (continued)

20 Reserves

	Revaluation reserve	Profit and loss account
	£000	£000
At beginning of year	362	137,832
Retained profit for the year	-	207,649
	<hr/>	<hr/>
At end of year	362	345,481
	<hr/>	<hr/>

21 Contingent liabilities

Pfizer Limited participates in a cash pooling arrangement with its UK affiliates involving a series of cross guarantees between the parties.

There are various cases of litigation pending against the company in the normal course of business. The company does not expect any material financial loss to result from these claims.

The company has guaranteed an overdraft of the Pfizer Social Club up to a maximum value of £450,000.

The company is a guarantor of a property leased by a subsidiary undertaking.

22 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	1998 £000	1997 £000
Committed	139,517	35,399
	<hr/>	<hr/>

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

	1998 Land and buildings £000	1998 Other £000	1997 Land and buildings £000	1997 Other £000
Operating leases which expire:				
Within one year	26	-	17	-
In the second to fifth years inclusive	268	500	32	370
Above five years	471	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	765	500	49	370
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

Commitments (continued)

- (c) The company is committed to sell certain foreign currencies forward. The company has forward exchange contracts outstanding valued at £53.7m (1997: £82.4m). These forward contracts are hedges of assets denominated in these currencies.

23 Pension scheme

The company operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company. The contributions are determined by a qualified actuary on the basis of biennial valuations using the projected unit method. The most recent valuation was at 1 December 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The assumptions used were:

- a rate of return on investments 3.0% p.a. higher than the rate of increase in salaries.
- rate of increase in pensions payment 3.0% p.a. on pre 6 April 1997 pensions in excess of Protected Rights pensions and 3.75% on post 5 April 1997 pensions.
- a dividend growth of 4.5 % p.a. for asset valuation purposes.
- valuation of assets at the present value of the anticipated income and sale or redemption proceeds from a notional portfolio of assets with the same market value as the actual assets held by the scheme at the valuation date. This method smoothes out fluctuations in market values and ensures consistency between the valuation of assets and liabilities. The resultant value was 87.8% of market value.

The most recent actuarial valuation showed that the market value of the scheme's assets was £199.0m at 1 December 1996 and that the actuarial value of those assets represented 97.1% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Company are 13.9% of earnings (1997: 13.9%).

The pension charge for the period of £14.7m (1997: £13 million) includes £0.4m (1997: £0.4m) in respect of the amortisation of a past service deficiency being recognised over 17 years, the average remaining service lives of employees.

There is an accrual of £2.4 million in the balance sheet (see note 16) which represents the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

Notes *(continued)*

24 Related party disclosures

The company is controlled by Pfizer Group Limited, the holding company of the UK group. The ultimate controlling party is Pfizer Inc.

As the company is a wholly owned subsidiary of Pfizer Group Limited, it has taken advantage of the exemption contained in FRS 8 not to disclose transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

25 Ultimate parent company and parent undertaking of larger group of which the company is a member

Pfizer Limited is part of the world-wide group of companies whose ultimate parent is Pfizer Inc., incorporated in the USA. Copies of the ultimate parent company's financial statements may be obtained from Pfizer Inc., 235 East 42nd Street, New York, NY10017 USA. The immediate holding company and the smallest group in which the company's results are consolidated is Pfizer Group Limited.

The company's UK holding company is Pfizer Group Limited which is incorporated in Great Britain and registered in England and Wales.