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Pfizer Limited

Directors' report and financial statements

Year ended 30 November 2006

Pfizer Limited

Directors' report and financial statements

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Pfizer Limited

Directors and other information

Directors	A Doherty J Eaton M Fauerbach K Fletcher F J C Overtoom C M Seller J Young
Registered office	Ramsgate Road Sandwich Kent CT13 9NJ
Independent auditors	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered number	00526209

Pfizer Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2006

Principal activity

The principal activity of the company during the year was the discovery, development, manufacture and marketing of pharmaceutical and animal health products

The directors do not have plans to change the company's activities other than as disclosed in note 30

Business review and future developments

The profit and loss account and balance sheet for the year are set out on pages 11 and 12 respectively The development and performance of the company during the year was satisfactory, as was the position of the company at the year-end It is anticipated this will continue into 2007 In September 2007 it was announced that the company's manufacturing facility in Sandwich, Kent would close over a two year period The company is managed on an integrated basis with other Pfizer Inc group companies worldwide as part of Pfizer Inc's global healthcare business Accordingly, key performance indicators have not been given for the company itself The focus of the business is innovation in the medicines that are integral to good healthcare, with a central task being the discovery and development of more new medicines for patients Further details are provided in the Pfizer Inc consolidated annual review and financial report which are available from Pfizer Inc, 235 East 42nd Street, New York, NY 10017, USA

Risks and uncertainties

During the year the principal factors which can cause risk and uncertainty for the group to which the company is a part included

- The development, performance and position of the Pfizer Inc group
- The success of research and development activities
- Decisions of regulatory authorities regarding whether and when to approve Pfizer's drug applications as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of Pfizer's products
- The speed with which regulatory authorisations, pricing approvals, and product launches may be achieved
- The success of external business development activities
- Competitive developments, including with respect to competitor drugs and drug candidates that treat diseases and conditions similar to those treated by Pfizer's in-line drugs and drug candidates
- The ability to successfully market both new and existing products
- Difficulties or delays in manufacturing
- Trade buying patterns
- The ability to meet generic and branded competition after the loss of patent protection for Pfizer's products or for competitor products
- The impact of existing and future regulatory provisions on product exclusivity
- Trends toward managed care and health care cost containment
- Legislation or regulatory action affecting pharmaceutical product pricing, reimbursement or access
- Contingencies related to actual or alleged environmental contamination

Risks and uncertainties *(continued)*

- Claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates
- Legal defence costs, insurance expenses, settlement costs and the risk of adverse decision or settlement related to product liability, patent protection, government investigations, and other legal proceedings
- Pfizer's ability to protect its patents and other intellectual property
- Interest rate and foreign currency exchange rate fluctuations
- Government laws and regulations affecting operations, including tax obligations
- Changes in generally accepted accounting principles
- Any changes in business, political and economic conditions due to the threat of future terrorist activity
- Growth in costs and expenses
- Changes in Pfizer's product, segment and geographic mix
- The impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items

Financial instruments

The overall objective of Pfizer's financial risk management programme is to seek a reduction in the potential negative earnings effects from changes in foreign exchange and interest rates arising in its business activities These financial exposures are managed through operational means and by using various financial instruments These practices may change as economic conditions change

Research and development

The company continues to invest in research and development This has resulted in the development of compounds which it is hoped ultimately will be launched as new products that will contribute to the company's long term success

Results and dividends

The audited financial statements for the year ended 30 November 2006 are set out on pages 8 to 33

The company generated an after tax profit of £162,818,000 (2005 restated profit of £147,375,000) and paid dividends of £150,000,000 (2005 £150,000,000) The retained profit for the year of £12,818,000 (2005 restated loss of £2,625,000) has been transferred to reserves

Directors and directors' interests

The directors who held office during the year were

K Fletcher	
S Eccles	(Resigned 31 July 2006)
OR Brandicourt	(Resigned 1 February 2007)
AM Doherty	
FJC Overtoom	
E Bauman	(Resigned 2 February 2006)
JA Eaton	
M Fauerbach	(Appointed 20 April 2006)
CM Seller	(Appointed 1 August 2006)
JD Young	(Appointed 7 February 2007)

Pfizer Limited

Directors' report *(continued)*

Directors and directors' interest *(continued)*

At no time during the year did any of the directors have any interest in or right to subscribe to shares of the company or any other Pfizer UK group company

Safety, health and the environment

The company has an environmental, health and safety policy in place as part of its commitment to sustainable development In addition, Pfizer Inc, the ultimate parent company produces an environmental, health and safety report, to which the company contributes

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 Policies to actively eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted 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 magazines for employees, web and e-mail based information services, consultation through a variety of committees, forums and regular departmental meetings The company also participates in the Pfizer Europe Employees Forum

The company actively promotes an "open door" management policy There is also an extensive performance management programme in place which facilitates open and regular dialogue between employees and their managers

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

Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Pursuant to a shareholder resolution, the company is not obliged to reappoint its auditors annually and KPMG, Ireland will therefore continue in office

By order of the board

Director

F OVERTOOM

Date

29/11/07

Pfizer Limited

Statement of dırectors' responsıbılıtıes ın respect of the Dırectors' Report and the financıal statements

The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law they have elected to prepare the financıal statements ın accordance wıth UK Accountıng Standards

The financıal statements are requıred by law to gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod

In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgments and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subject to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and to enable them to ensure that ıts financıal statements comply wıth the Companıes Act 1985 They have general responsıbılıty for takıng such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other ırregularıtıes

KPMG

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the member of Pfizer Limited

We have audited the financial statements of Pfizer Limited for the year ended 30 November 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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, proper books of account have been kept by the company, whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company, and whether the information given in the directors' report is consistent with the financial statements In addition we state whether we have obtained all the information and explanations we require for our audit, and whether the financial statements agree with the books of account

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the company is not disclosed and, where practicable, include such information in our report

We read the Directors' Report and consider implications for our report if we become aware of any 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

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

KPMG

Independent auditors' report to the member of Pfizer Limited *(continued)*

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

KPMG

29 November 2007

Chartered Accountants
Registered Auditor
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Pfizer Limited

Statement of accounting policies
for the year ended 30 November 2006

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, with the exception of the accounting policy for pensions, which has changed following the adoption of FRS 17

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with the financial reporting standards of the Accounting Standards Board

Change of accounting policy

The company has adopted FRS 17 - "Retirement Benefits" in its primary financial statements The financial information for the year ended 30 November 2005 was originally prepared under the requirements of SSAP 24 - "Pension costs" and has been restated following the implementation of FRS 17 The main impact of the changes in the policy was to record on the balance sheet the impact of the deficit in the defined pension scheme measured in accordance with FRS 17 The impact on the 2005 results and the closing balances as originally reported are detailed in note 2 to the financial statements

Consolidation

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

Cash flow

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

Goodwill and intangible assets

Purchased goodwill, representing the excess of the fair value of purchase consideration over the fair value of the separable net assets acquired, 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 are amortised over their useful economic lives for periods of between 10 and 20 years

Goodwill and intangible assets are stated net of any provisions for impairment

Financial fixed assets

Financial fixed assets are stated at cost less any provision for impairment in value

Pfizer Limited

Statement of accounting policies *(continued)*
for the year ended 30 November 2006

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation Depreciation is provided to write off the cost 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

Reclassification

Certain prior year numbers have been reclassified in order to conform with current year presentation (see note 14)

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate

Revenue grants received during the year are charged to the profit and loss account to offset the matching expenditure

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

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are provided for within 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 first in, first out or an average method of valuation 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 Turnover is recognised at the point of despatch by the company

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 and charged to depreciation in accordance with the company's accounting policy

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

In accordance with FRS17, the amount charged to operating profit in respect of the company's defined benefit scheme is the cost of accruing pension benefits promised to members over the year plus any benefit improvements granted to members by the company during the year Other finance charges/income in the profit and loss account include a charge equal to the equivalent to the company's expected increase in the pension schemes' liabilities over the year, offset by the credit equivalent to the company's expected return on the pension scheme's assets

The difference between the market value of the scheme's assets and the present value of the scheme's liabilities is disclosed as an asset/liability on the balance sheet, net of deferred tax (to the extent that it is recoverable) Any difference between expected return and that actually achieved, and any changes in liabilities over the year due to changes in assumptions or experience within the schemes, are recognised in the statement of total recognised gains and losses

The company also provides certain employees with post retirement benefits other than pensions and the cost of providing these benefits are accounted for in a similar manner to that described above

The company also operates a number of defined contribution schemes and the contributions to such schemes are charged to the operating profit as they fall due.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences that have originated but not reversed by the balance sheet date and which could give rise to an obligation to pay more or less tax in the future

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date Temporary differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements Provision is made at the rates expected to apply when the temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Pfizer Limited

Profit and loss account
for the year ended 30 November 2006

	Note	2006 £'000	As restated 2005 £'000
Turnover	1	**1,298,193**	1,396,947
Net operating costs	3	**(1,312,022)**	(1,429,572)
Operating loss		**(13,829)**	(32,625)
Income from shares in group undertakings		**150,000**	150,000
Operating profit – before exceptional item	4	**136,171**	117,375
Exceptional item:			
Profit on disposal of intellectual property rights	7	**-**	29,898
Profit on ordinary activities before interest		**136,171**	147,273
Interest receivable and similar income	8	**2,465**	370
Interest payable and similar charges	9	**(13,684)**	(13,234)
Finance income	10	**26,300**	10,500
Profit on ordinary activities before taxation		**151,252**	144,909
Tax credit on profit on ordinary activities	11	**11,566**	2,466
Profit for the financial year		**162,818**	147,375

All activities relate to continuing operations

Pfizer Limited

Balance sheet
at 30 November 2006

	Note	2006 £'000	2006 £'000	As restated 2005 £'000	As restated 2005 £'000
Fixed assets					
Intangible fixed assets	*13*		**421,346**		449,447
Tangible fixed assets	*14*		**1,089,148**		1,135,106
Financial fixed assets	*15*		**81,549**		81,549
			1,592,043		1,666,102
Current assets					
Stocks	*16*	**204,627**		237,764	
Debtors	*17*	**1,983,130**		1,325,741	
Cash at bank and in hand		**694**		385	
		2,188,451		1,563,890	
Creditors: amounts falling due within one year	*18*	**(2,897,789)**		(2,301,247)	
Net current liabilities			**(709,338)**		(737,357)
Total assets less current liabilities			**882,705**		928,745
Creditors: amounts falling due after more than one year	*19*		**(204,345)**		(204,510)
Provisions for liabilities and charges	*20*		**(300,898)**		(364,064)
Net assets			**377,462**		360,171
Capital and reserves					
Called up share capital	*23*		**86,300**		86,300
Profit and loss account	*24*		**291,162**		273,871
Equity shareholder's funds			**377,462**		360,171

These financial statements were approved by the board and were signed on its behalf on 29/11/07 by

Director

F OVERTOOM

Pfizer Limited

Statement of total recognised gains and losses
for the year ended 30 November 2006

	2006 **£'000**	*As restated* 2005 £'000
Profit on ordinary activities after taxation	**162,818**	147,375
Actuarial gain on employment schemes	**6,390**	58,200
Related deferred tax liability	**(1,917)**	(17,460)
Total recognised gains for the year	**167,291**	188,115

Reconciliation of movements in shareholder's funds
for the year ended 30 November 2006

	2006 **£'000**	*As restated* 2005 £'000
Opening shareholder's funds – as previously stated	**532,610**	540,373
Prior year adjustment	**(172,439)**	(218,317)
Opening shareholder's funds – as restated	**360,171**	322,056
Total recognised gains for the year	**167,291**	188,115
Dividends for the financial year	**(150,000)**	(150,000)
Closing shareholder's funds	**377,462**	360,171

Pfizer Limited

Notes
forming part of the financial statements

1 Analysis of turnover by geographical market and by class of business

	Product sales 2006 £'000	Product sales *As restated* 2005 £'000	Royalties 2006 £'000	Royalties *As restated* 2005 £'000	Total 2006 £'000	Total *As restated* 2005 £'000
Turnover by destination						
- UK	**870,055**	867,047	**276**	290	**870,331**	867,337
- Rest of world	**112,988**	226,310	**314,874**	303,300	**427,862**	529,610
Turnover	**983,043**	1,093,357	**315,150**	303,590	**1,298,193**	1,396,947
Operating (loss)/profit	**(328,979)**	(336,215)	**315,150**	303,590	**(13,829)**	(32,625)
Other operating income	**-**	29,898	**-**	-	**-**	29,898
Income from shares in group undertakings	**150,000**	150,000	**-**	-	**150,000**	150,000
Net interest payable and similar charges	**(11,219)**	(12,864)	**-**	-	**(11,219)**	(12,864)
Finance income	**26,300**	10,500	**-**	-	**26,300**	10,500
Segment (loss)/profit before taxation	**(163,898)**	(158,681)	**315,150**	303,590	**151,252**	144,909
Net assets by segment	**279,446**	279,127	**98,016**	81,044	**377,462**	360,171

The origin of turnover, profit and net assets is the United Kingdom

2 Prior year adjustment – change of accounting policy

The company adopted the reporting requirements of FRS 17 "Retirement Benefits" in its primary financial statement The financial information for the year ended 30 November 2005 was originally prepared under the requirements of SSAP 24 "Pension Costs" and has been restated following the implementation of FRS 17 The main impact of the changes in the policy was to record on the balance sheet the full impact of the deficit in the defined pension scheme measured in accordance with FRS 17 The impact on the 2005 results and the closing balances as originally reported are detailed in the following

Notes *(continued)*
forming part of the financial statements

2 Prior year adjustment – change of accounting policy *(continued)*

2005 Profit and loss account	**As previously reported £'000**	**Prior year adjustment FRS 17 £'000**	**As restated £'000**
Turnover	1,396,947	-	**1,396,947**
Net operating costs	(1,426,412)	(3,160)	**(1,429,572)**
Operating loss	(29,465)	(3,160)	**(32,625)**
Profit on disposal of intellectual property rights	29,898	-	**29,898**
Income from shares in group undertakings	150,000	-	**150,000**
Profit on ordinary activities before interest	150,433	(3,160)	**147,273**
Interest receivable and similar income	370	-	**370**
Interest payable and similar charges	(13,234)	-	**(13,234)**
Finance income	-	10,500	**10,500**
Profit on ordinary activities before taxation	137,569	7,340	**144,909**
Tax credit/(charge) on loss on ordinary activities	4,668	(2,202)	**2,466**
Profit for the year	142,237	5,138	**147,375**
Actuarial gain for the year	-	58,200	**58,200**
Deferred tax	-	(17,460)	**(17,460)**
Total gains and losses for the year	142,237	45,878	**188,115**

2. Prior year adjustment – change of accounting policy *(continued)*

	As previously reported £'000	Prior year adjustment FRS 17 £'000	As restated £'000
Fixed assets	1,666,102	-	**1,666,102**
Current assets	1,672,887	(108,997)	**1,563,890**
Creditors	(2,514,615)	8,858	**(2,505,757)**
Total assets less current liabilities	824,374	(100,139)	**724,235**
Provisions and liabilities	(291,764)	(72,300)	**(364,064)**
Net assets	532,610	(172,439)	**360,171**

3 Net operating costs

	2006 £'000	*As restated* 2005 £'000
Cost of sales	**871,337**	885,418
Research and development expenditure	**258,275**	370,176
Royalties	-	219
Loss on disposal of fixed asset	**1,063**	2,304
Distribution costs	**16,514**	15,490
Administration expenses	**164,833**	155,965
	1,312,022	1,429,572

Research and development comprise the net spend after charges to other group companies for research and development activities Included in administration expenses are restructuring costs for the year of £37,029,000

Notes *(continued)*
forming part of the financial statements

4 Profit on ordinary activities before taxation

	2006 £'000	2005 £'000
Profit on ordinary activities before exceptional items, interest and taxation is stated after charging		
Auditors' remuneration		
Audit	**800**	648
Other services - fees paid to the auditor	**40**	163
Depreciation and other amounts written off tangible fixed assets	**118,677**	124,382
Amortisation of intangible fixed assets	**28,101**	45,087
Loss on disposal of fixed assets	**1,063**	2,304
Hire of other assets - operating leases	**1,758**	1,758
Foreign exchange gain (net)	**350**	4,680

5 Remuneration of directors

	2006 £'000	2005 £'000
Directors' emoluments	**1,470**	1,682

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £410,162 (*2005 £407,666*) This person is a member of a defined benefit scheme, operated by a member company of the Pfizer world-wide group, under which the accrued pension on 30 November 2006 was £19,282 (*2005 £21,808*)

Notes *(continued)*
forming part of the financial statements

5 Remuneration of directors *(continued)*

	Number of directors	
	2006	2005
Retirement benefits accrued to the following number of directors who served during the year under defined benefit schemes	**4**	4
The number of directors who exercised share options during the year was	**3**	3

Six directors received shares under long term incentive schemes during the year (*2005 none*) 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	
	2006	2005
Manufacturing	**746**	889
Research and development	**2,957**	2,953
Sales and distribution	**1,208**	1,352
Administration	**682**	673
	5,593	5,867

The aggregate payroll costs of these people were as follows

		As restated
	2006	2005
	£'000	£'000
Wages and salaries	**263,137**	265,955
Social security costs	**28,631**	28,278
Other pension costs	**76,123**	70,900
	367,891	365,133

Notes *(continued)*
forming part of the financial statements

7 Exceptional item

	2006 £'000	2005 £'000
Profit on sale of intellectual property rights	-	29,898

In 2003, intellectual property rights in Darifenacin were sold to Novartis Proceeds to the Company were based on certain milestones being reached No milestone payment was received in the current year *(2005 £29,898,000)*

8 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable from group undertakings	1,291	165
Other	1,174	205
	2,465	370

9 Interest payable and similar charges

	2006 £'000	2005 £'000
Amounts payable to group undertakings	(13,684)	(13,234)

10 Finance income

	2006 £'000	*As restated* 2005 £'000
Amount credited to other finance income (see note 27)	26,300	10,500

11 Taxation on profit on ordinary activities

	2006 £'000	*As restated* 2005 £'000
UK current corporation tax	**(12,360)**	(3,976)
Foreign tax	**1,218**	1,267
Adjustments in respect of previous periods	**(6,180)**	(2,673)
	(17,322)	(5,382)
Deferred tax – origination and timing differences	**5,756**	2,916
Tax credit	**(11,566)**	(2,466)

The tax charge for the period is lower than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	**151,252**	144,909
Taxation charge at UK corporation tax rate of 30% *(2005 30%)*	**45,376**	43,473
Effects of		
Pension contributions	**(24,728)**	(11,387)
Income from shares in group undertakings	**(45,000)**	(45,000)
Permanent differences	**(8,567)**	(5,698)
Accelerated capital allowances	**18,658**	16,044
Other timing differences	**1,901**	(1,408)
Foreign tax	**1,218**	1,267
Adjustments in respect of previous periods	**(6,180)**	(2,673)
Current tax credit for the year	**(17,322)**	(5,382)

The directors are not aware of any factors, other than those described above, that will have a significant effect on the future tax charge, apart from the change in the applicable corporation tax rate for future years. Pursuant to Finance Act 2007 (enacted 19 July 2007), the rate of corporation tax has been reduced to 28% from the current 30% rate, first coming into effect for the company on 1 April 2008

Notes *(continued)*
forming part of the financial statements

12 Dividends on equity shares

	2006 £'000	2005 £'000
Equity shares		
Dividends	**150,000**	150,000

13 Intangible fixed assets

	Goodwill £'000	Other intangibles £'000	Total £'000
Cost			
At beginning and end of year	**474,885**	**94,424**	**569,309**
Amortisation			
At beginning of year	106,135	13,727	119,862
Charge for the year	21,241	6,860	28,101
At end of year	**127,376**	**20,587**	**147,963**
Net book value			
At 30 November 2006	**347,509**	**73,837**	**421,346**
At 30 November 2005	368,750	80,697	449,447

Included in opening goodwill is the 1996 acquisition of the UK operations of the SmithKline Beecham Animal Health business (£65m), the 2003 acquisition of the Pharmacia Animal Health manufacturing business (£18m), and the 2004 acquisition of Pharmacia Limited's pharmaceutical and animal health businesses (£358M)

Included in opening intangibles is the December 2004 purchase of intangibles from Meridica Limited and payments made under an outsourcing contract

In the opinion of the directors, the value of intangible assets is not less than cost

Notes *(continued)*
forming part of the financial statements

14 Tangible fixed assets

	Freehold land and buildings	Leasehold improve-ments	Plant and Equipment	Payments on account and assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
Cost - as previously stated	819,108	17,579	886,330	9,830	1,732,847
Reclassifications	(11,806)	-	(15,138)	26,944	-
Cost - as restated	807,302	17,579	871,192	36,774	1,732,847
Additions	-	-	-	78,164	78,164
Transfers between categories	9,867	-	62,146	(72,013)	-
Disposals	(15,685)	(2,010)	(70,673)	-	(88,368)
At end of year	**801,484**	**15,569**	**862,665**	**42,925**	**1,722,643**
Depreciation					
At beginning of year	153,385	11,367	432,989	-	597,741
Charge for year	41,179	1,739	75,759	-	118,677
Transfer of depreciation	(1)	-	1	-	-
On disposals	(14,273)	(1,209)	(67,441)	-	(82,923)
At end of year	**180,290**	**11,897**	**441,308**	**-**	**633,495**
Net book value					
At 30 November 2006	**621,194**	**3,672**	**421,357**	**42,925**	**1,089,148**
At 30 November 2005- as restated	653,917	6,212	438,203	36,774	1,135,106

Included in the total net book value of freehold land and buildings is £20,912,361 *(2005 £20,912,361)* in respect of land which is not depreciated

15 Financial fixed assets

	2006 £'000
At beginning and end of year	**81,549**

The investment comprises

- 100% of the ordinary share capital of Pfizer Technologies Limited, a company incorporated in England and Wales whose principal activities are the development and exploitation of intellectual property
- 100% of the ordinary share capital of Meridica Limited, a non-trading company incorporated in England and Wales

Consideration for the acquisition of Meridica Limited was £81,548,000 of which £12,214,000 remains deferred at the year end (see note 20) The deferred consideration is subject to a product launch and represents the maximum deferred consideration payable This will be monitored on an ongoing basis and any necessary adjustments will be made once the ultimate outcome is known

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

The company received £150million (*2005 £150million*) in dividends from group undertakings

Notes *(continued)*
forming part of the financial statements

16 Stocks

	2006	2005
	£'000	£'000
Raw materials and consumables	**41,117**	60,318
Work in progress	**40,969**	22,762
Finished goods and goods for resale	**122,541**	154,684
	204,627	237,764

The replacement costs of stocks are not less than their balance sheet amounts

17 Debtors

		As restated
	2006	2005
	£'000	£'000
Trade debtors	**210,027**	205,320
Amounts owed by group undertakings	**1,727,916**	1,013,346
UK corporation tax	**6,457**	26,357
VAT recoverable	**20,811**	-
Prepayments and accrued income	**11,293**	72,252
Other debtors	**6,626**	8,466
	1,983,130	1,325,741

All debtors fall due within one year

18 **Creditors** amounts falling due within one year

		As restated
	2006	2005
	£'000	£'000
Bank loans and overdrafts	**1,494**	-
Trade creditors	**56,017**	51,458
Amounts owed to group undertakings	**2,639,939**	2,008,215
Other taxation and social security	**14,872**	18,204
Government grants (note 22)	**165**	165
Accruals and deferred income	**185,302**	223,205
	2,897,789	2,301,247

Notes *(continued)*
forming part of the financial statements

19 Creditors: amounts falling due after more than one year

	2006 £'000	*As restated* 2005 £'000
Convertible loan notes	**200,000**	200,000
Government grants (note 22)	**4,345**	4,510
	204,345	204,510

In 1995 the company borrowed £200,000,000 from Pfizer Group Limited by means of interest free convertible loan notes issued at par These loan notes are repayable at par on maturity on the 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

20 Provisions for liabilities and charge

	As restated Deferred tax provision £'000	Deferred consideration £'000	*As restated* Pension liabilities £'000	*As restated* Total £'000
At beginning of year	205,378	12,486	146,200	364,064
Profit and loss (credit)/charge	5,756	(272)	49,823	55,307
Charge to the statement of total recognised gains and losses	1,917	-	(6,390)	(4,473)
Contributions	-	-	(114,000)	(114,000)
At end of year (See notes 11, 21 & 27)	**213,051**	**12,214**	**75,633**	**300,898**

Notes *(continued)*
forming part of the financial statements

21 Deferred taxation

	2006 £'000	*As restated* 2005 £'000
Deferred tax provisions		
Fixed assets	**228,719**	246,196
UK pension credit	**(22,697)**	(49,576)
Other timing differences	**7,029**	8,758
	213,051	205,378

Factors that may affect the future tax charges

No provision has been made for the deferred tax on gains recognised on the sale of the properties where potentially taxable gains have been rolled over into replacement assets Such tax would become payable only if the property were sold without it being possible to claim rollover relief At present it is not envisaged that any such tax will become payable in the foreseeable future

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the temporary differences will reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

22 Government capital grants deferred

	2006 £'000	2005 £'000
At beginning of year	**4,675**	4,840
Amortised in year	**(165)**	(165)
At end of year	**4,510**	4,675
Included in		
Creditors falling due within one year	**165**	165
Creditors falling due after more than one year	**4,345**	4,510
	4,510	4,675

23 Called up share capital

	2006 £'000	2005 £'000
Authorised		
Equity 120,000,000 ordinary shares of £1 each	**120,000**	120,000
Non-equity 400,000,000 preference shares of £1 each	**400,000**	400,000
	520,000	520,000
Allotted, called up and fully paid		
Equity 86,300,000 ordinary shares of £1 each	**86,300**	86,300

Each equity share entitles the holder to one vote per share and the right to any dividend

24 Reserves

	Profit and loss account £'000
Opening reserves as originally stated	**446,310**
Prior year adjustment	**(172,439)**
Opening reserves as restated	**273,871**
Total recognised gains and losses for the year	**167,291**
Dividends for the year	**(150,000)**
At end of year	**291,162**

Notes *(continued)*
forming part of the financial statements

25 Contingent liabilities

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 may also give certain other guarantees to third parties or fellow group undertakings in the normal course of business

26 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	2006	2005
	£'000	£'000
Committed	**19,396**	14,718

Annual commitments under non-cancellable operating leases are as follows

	2006 Land and Buildings £'000	2005 Land and Buildings £'000
Operating leases which expire		
In the second to fifth years inclusive	**949**	949
After five years	**809**	809
	1,758	1,758

27 Pension scheme

The company operates a funded defined benefit pension scheme (The Pfizer Group 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 triennial valuations using the projected unit method

Retirement Benefits (FRS 17)

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 1 April 2005 and updated by Hewitt Bacon & Woodrow to take a count of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 November 2006 Scheme assets are stated at their market value at 30 November 2006

The financial assumptions used to calculate scheme liabilities under FRS 17 were

	2006	2005	2004
Rate of increase in salaries	**4.1%**	3 9%	3 8%
Rate of increase in deferred pensions	**3.1%**	2 9%	2 7%
Discount rate applied to scheme liabilities	**5%**	5%	5 35%
Inflation assumption	**3.1%**	2 9%	2 8%
Pension increases on pensions accrued			
Before 6 April 1997	**0%**	0%	0%
After 5 April 1997	**3.1%**	2 9%	2 7%

27 Pension scheme *(continued)*

	Long term rate of return expected at 30 November 2006	**Value at 30 November 2006 £'000**	Long term rate of return expected at 30 November 2005	Value at 30 November 2005 £'000	Long term rate of return expected at 30 November 2004	Value at 30 November 2004 £'000
Equities	**9.00%**	**908,900**	8 90%	807,700	8 40%	650,200
Bonds	**4.50%**	**323,000**	4 20%	250,600	5 00%	226,700
Other	**5.00%**	**58,300**	4 50%	29,400	5 30%	25,800
Total market value of assets	**7.70%**	**1,290,200**	7 70%	1,087,700	7 50%	902,700
Present value of scheme liabilities		**(1,365,833)**		(1,233,900)		(1,106,100)
Deficit in the scheme		**(75,633)**		(146,200)		(203,400)
Related deferred tax asset		**22,700**		43,900		61,000
Net liability		**(52,933)**		(102,300)		(142,400)

Notes *(continued)*
forming part of the financial statements

27 Pension scheme *(continued)*

Movement in deficit during the year

	2006 £'000	2005 £'000
Deficit in scheme at beginning of year	**(146,200)**	(203,400)
Employers current service cost	**(72,600)**	(68,600)
Employers contributions paid	**114,000**	59,400
Past service costs	**(233)**	(2,300)
Curtailments/settlements	**(3,290)**	-
Actuarial gain	**6,390**	58,200
Other finance income	**26,300**	10,500
Deficit in the scheme at end of year	**(75,633)**	(146,200)

Analysis of the amount charged to operating profit

	2006 £'000	2005 £'000
Current service cost	**72,600**	68,600
Past service cost	**233**	2,300
Curtailments/settlements	**3,290**	-
Total operating charge	**76,123**	70,900

Notes *(continued)*
forming part of the financial statements

27 Pension scheme *(continued)*

Analysis of the amounts credited to other finance income

	2006 £'000	2005 £'000
Expected return on pension scheme assets	**86,900**	68,500
Interest on pension scheme liabilities	**(60,600)**	(58,000)
Net return	**26,300**	10,500

Analysis of amount recognised in statement of total recognised gains and losses:

	2006 £'000	2005 £'000
Actual return less expected return on scheme assets	**32,900**	95,800
Experience gains and losses arising on the scheme liabilities	**16,590**	(36,700)
Change in assumptions underlying the present value of the scheme liabilities	**(43,100)**	(900)
Actuarial gain recognised in STRGL	**6,390**	58,200

History of actuarial gains and losses:

	2006 £'000	2005 £'000	2004 £'000
Actual return less expected return on scheme assets	**32,900**	95,800	25,200
Percentage of scheme assets	**2.5%**	8 8%	2 8%
Experience gains and (losses) on scheme liabilities	**16,590**	(36,700)	(73,500)
Percentage of scheme liabilities	**1.2%**	3 0%	6 6%
Total amount recognised in statement of gains & losses	**6,390**	58,200	(63,000)
Percentage of scheme liabilities	**0.5%**	4 7%	5 7%

28 Related party disclosure

The company is controlled by Pfizer Group Limited The ultimate controlling company is Pfizer Inc , a company incorporated in the United States of America

As the company is a wholly owned subsidiary of Pfizer Group Limited it has availed of the exemption provided in FRS 8 Related Party Disclosures, from the requirement to disclose details of transactions with group undertakings

Other than transactions with related group undertakings there are no related party transactions requiring disclosure Details of the availability of the group consolidated financial statements are given in Note 29

29 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 , a company incorporated in the United States of America 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 is Pfizer Group Limited, which is incorporated in Great Britain and registered in England and Wales

The smallest group in which the results of the company are consolidated is that headed by C P Pharmaceuticals International C V , Coolsingel 93, 3012 AE Rotterdam, Holland whose accounts are publicly available from the Chamber of Commerce, PO Box 450, 3001 AL Rotterdam, Holland

30 Subsequent events

During September 2007 it was announced that the company's manufacturing facility in Sandwich, Kent would close over a two year period

C.P. PHARMACEUTICALS INTERNATIONAL C.V.

ANNUAL ACCOUNTS 2005/ 2006

THESE ACCOUNTS
FOR
OF COMPANY
No. 526209

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GENERAL PARTNERS' REPORT

General information

Enclosed are the consolidated accounts for the 12 months ended 30 November 2006 of C P Pharmaceuticals International C V ("CPPI CV or the Partnership") and its subsidiaries together with our review of the Partnership's performance during the year and expectations for 2007 The term "Partnership" includes the Partnership and its subsidiaries on a consolidated basis

C P Pharmaceuticals International C V is a partnership ("*Commanditaire Vennootschap*") that owns a large number of subsidiaries in different countries, whose number may change from year to year The Partnership operates as a holding function The Partnership also carries on the business of manufacturing pharmaceutical products

The Partnership's ultimate parent company is Pfizer Inc (New York, USA)

Pfizer Inc is a research-based, global pharmaceutical company that discovers, develops, manufactures and markets leading prescription medicines for humans and animals Pfizer's longstanding value proposition has been to prove that its medicines cure or treat disease, including symptoms and suffering, and this remains Pfizer's core mission Pfizer has expanded its value proposition to also show that not only can its medicines cure or treat disease, but that they can also markedly improve health systems by reducing overall healthcare costs, improving societies' economic well-being and increasing effective prevention and treatment of disease Pfizer generates revenue through the sale of its products, as well as through alliance agreements by co-promoting products discovered by other companies

Financial information

The Partnership and its subsidiaries on a consolidated basis showed a solid performance in 2005/2006 with its products in the aggregate performing well in a tough operating environment

Partnership's performance was impacted specifically in 2005/ 2006 by
- General and Administrative expenses increased in 2005/ 2006 due to higher amortization on goodwill
- Increased investment in research and development

The Partnership's consolidated sales decreased to USD 31 billion (2004/ 2005 USD 32 billion) and the net result is unchanged at USD 7 billion (2004/ 2005 USD 7 billion)
The consolidated sales include USD 1 billion in sales by the Pfizer Consumer Healthcare division (PCH) On December 20, 2006, Pfizer Inc closed on the sale of its PCH business to Johnson & Johnson

The Partnership has elected not to present a separate statement of consolidated cash flows. Accordingly, a copy of the consolidated statements of Pfizer Inc for the year ended 31 December 2006, in which the consolidated cash flows statement of C P Pharmaceuticals International C.V is incorporated, is deposited at the Chamber of Commerce of Rotterdam, The Netherlands

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Forward-looking information and factors that may affect future results

This report from time to time contains such forward-looking statements that set forth anticipated results based on plans and assumptions The Partnership cannot guarantee that any forward-looking statement will be realized, although the Partnership believes it has been prudent in its plans and assumptions Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected

Among the factors that could cause actual results to differ materially are the following

- the success of research and development activities,
- decisions by regulatory authorities regarding whether and when to approve drug applications as well as their decisions regarding labeling and other matters that could affect the availability or commercial potential of our products,
- the speed with which regulatory authorizations, pricing approvals, and product launches may be achieved,
- competitive developments affecting our current growth products,
- the ability to successfully market both new and existing products,
- difficulties or delays in manufacturing,
- trade buying patterns,
- the ability to meet generic and branded competition after the loss of patent protection for our products or for competitor products,
- the impact of existing and future regulatory provisions on product exclusivity,
- trends toward managed care and health cost containment;
- legislation or regulations in markets affecting product pricing, reimbursement or access,
- contingencies related to actual or alleged environmental contamination,
- claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates,
- legal defence costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to product liability, patent protection, governmental investigations, ongoing efforts to explore various means for resolving asbestos litigation and other legal proceedings,
- the ability to protect patents and other intellectual property internationally,
- interest rate and foreign currency exchange rate fluctuations,
- governmental laws and regulations affecting operations, including tax obligations;
- changes in accounting principles,
- any changes in business, political and economic conditions due to the threat of future terrorist activity in the U S and other parts of the world,
- growth in costs and expenses,
- changes in our product, segment and geographic mix, and
- the impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items, including the impact of the sale of Pfizer's Consumer Healthcare business and Pfizer's ability to realize the projected benefits of Pfizer's *Adapting to Scale* multi-year productivity and reorganization initiatives

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Personnel related information

The average number of employees of the Partnership and its consolidated subsidiaries in 2005/2006 amounted to 56,777 (2004 / 2005 51,154)

Adapting to Scale Productivity Initiative

The Adapting to Scale (AtS) Productivity Initiative is a broad-based, company-wide effort to leverage Pfizer's scale and strength more robustly and to increase productivity The multi-year initiative was launched in the first quarter of 2005 Significant progress was made during 2006 Building on what has already been accomplished the goals of the initiative were expanded in October 2006 and January 2007 and are now targeting an absolute net reduction in the pre-tax expense component of Adjusted income and the creation of a more flexible cost structure

Information regarding financial Instruments

Financial Risk Management
The overall objectives of the Partnership's financial risk management program is to seek a reduction in the potential negative earnings effects from changes in foreign exchange and interest rates arising in our business activities The Partnership manages these financial exposures through operational means and by using various financial instruments These practices may change as economic conditions change

Foreign Exchange Risk – A significant portion of the Partnership's revenues and earnings are exposed to changes in foreign exchange rates The Partnership seeks to manage its foreign exchange risk in part through operational means, including managing same currency revenues in relation to same currency costs, and same currency assets in relation to same currency liabilities

Foreign exchange risk is also managed through the use of foreign currency forward-exchange contracts These contracts are used to offset the potential earnings effects from mostly intercompany short-term foreign currency assets and liabilities that arise from operations The Partnership also uses foreign currency forward-exchange contracts and foreign currency swaps to hedge the potential earnings effects from short and long-term foreign currency investments and loans and intercompany loans

Foreign currency put options are sometimes purchased to reduce a portion of the potential negative effects on earnings related to certain of the Partnership's significant anticipated intercompany inventory purchases for up to two years

Interest Rate Risk – the Partnership's U S dollar interest-bearing investments, loans and borrowings are subject to interest rate risk The Partnership is also subject to interest rate risk on euro investments and short-term currency swaps The Partnership invests and borrows primarily on a short-term or variable-rate basis. From time to time, depending on market conditions, the Partnership will fix interest rates either through entering into fixed rate investments and borrowings or through the use of derivative financial instruments such as interest rate swaps

The Partnership's financial instrument holdings at year-end were analyzed to determine their sensitivity to interest rate changes The fair values of these instruments were determined by net present values

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Research and development information

Discovery and development of new products, as well as the development of additional uses for existing products, are imperative for the continued strong operation of our businesses The numerous filings, approvals and launches of new Pfizer products and product enhancements during 2006 and in early 2007 evidenced a productive period of R&D The opportunities for improving human health remain abundant As the world's largest privately funded biomedical operation, and through its global scale, Pfizer is developing and delivering innovative medicines that will benefit patients around the world Pfizer will continue to make the investments necessary to serve patients' needs and to generate long-term growth

Pfizer's financial strength enables it to conduct research on a scale that can help redefine medical practice Pfizer has combined that ability with a fully integrated portfolio-planning approach that aligns its research, development and marketing functions in the search for new medical opportunities Pfizer has over 200 novel concepts in development across multiple therapeutic areas, and Pfizer is leveraging its status as the industry's partner of choice to expand its licencing operations This is enabling Pfizer to strengthen its core cardiovascular and neuroscience portfolios, as well as to expand other therapeutic areas, including oncology and ophthalmology

Reducing attrition has been a key focus on Pfizer's R&D productivity improvement effort For several years, Pfizer has been revising the quality hurdles for candidates entering development and throughout the development process As the quality of candidates has improved, the development attrition rate has begun to fall At the current internal discovery output of chemical entities and at the attrition rates Pfizer sees for these high quality candidates, Pfizer believes it will improve the overall success rates to 1 in 11 versus the historical industry rate of 1 in 20 to 25 This would allow Pfizer to double productivity without doubling R&D investment Given the multi-year nature of pharmaceutical R&D, it will take some time before the full impact of these changes is realized

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Future developments

While Pfizer Inc's, and consequently the Partnership's, revenue and income will likely continue to be tempered in the near term due to patent expirations and other factors, the Partnership will continue to make the investments necessary to sustain long-term growth. The Partnership remains confident that it has the organizational strength and resilience, as well as the financial depth and flexibility, to succeed in the long term However, no assurance can be given that the industry-wide factors described in *"Forward-looking Information and factors that may affect future results"* or other significant factors will not have a material adverse effect on the Partnership's business and financial results

On June 21, 2007 the Partnership distributed USD 1 4 billion to its partners

In the fourth quarter of 2006 Pfizer Inc sold its Consumer Healthcare business for USD 16 6 billion. The agreement completes a review of strategic options for the consumer business that Pfizer initiated in February 2006

21 November 2007

General Partners

Pfizer Manufacturing LLC

DAVID REID

Pfizer Production LLC

PHILIP M. KERSTEIN

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CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2006

(after appropriation of results for the year)

(USD'000)	Note	30 November 2006	30 November 2005
Fixed assets			
Intangible fixed assets	3	16 265 956	17 632 089
Tangible fixed assets	4	7 672 373	6 799 415
Financial fixed assets	5	6 127 363	5 729 170
		30 065 692	30 160 674
Current assets			
Stocks	6	4 682 900	4 162 085
Receivables	7	15 528 626	15 567 985
Cash and banks	8	324 790	447 899
		20 536 316	20 177 969
TOTAL ASSETS		**50 602 008**	**50 338 643**
Partners Capital Accounts	9	34 810 404	16 300 586
Minority interest	10	237 049	586 064
Provisions	11	4 326 159	4 021 133
Long term liabilities	12	489 559	1 472 180
Current liabilities	13	10 738 837	27 958 680
TOTAL LIABILITIES		**50 602 008**	**50 338 643**

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CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD 1 DECEMBER 2005 UNTIL 30 NOVEMBER 2006

(USD'000)	Note	2005/2006	2004/2005
Net turnover	15	30 583 795	31 755 196
Cost of goods sold		6 446 027	6 956 594
Gross margin		***24 137 768***	***24 798 602***
Research and development expenses		2 004 153	1 435 111
Selling expenses		8 595 129	8 467 765
General and administrative expenses		2 767 111	2 396 576
Other expenses	16	4 300 181	4 726 738
Total expenses		***17 666 574***	***17 026 190***
Operating result		**6 471 194**	**7 772 412**
Other revenues	17	-	23 863
Net financial income	21	91 442	261 937
Profit from ordinary operations before tax		**6 562 636**	**8 058 212**
Tax on result from ordinary operations	22	(1 487 284)	(1 106 761)
Result from participations	23	2 950 428	1 039 986
Profit from ordinary operations after tax		**8 025 780**	**7 991 437**
Minority interest		(1 409 124)	(1 104 214)
Net profit for the year		**6 616 656**	**6 887 223**

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

1. General

The Partnership performs a holding function The Partnership also carries on the business of manufacturing pharmaceutical products The ultimate parent company of the Partnership is Pfizer Inc , New York, USA

The Partnership and its subsidiaries are engaged in research and development, manufacture and/or distribution of human/pharmaceutical, and animal healthcare products for sale to third parties and affiliated companies in both home and export markets

The consolidated balance sheet and profit and loss account include the Partnership's financial statements and the financial statements of its subsidiaries All consolidated subsidiaries are listed under note 29

Consolidated are the financial information of C P Pharmaceuticals International C V and its subsidiaries Subsidiaries are those companies in which the Partnership has a majority holding or otherwise has a direct or indirect controlling interest The financial information of the Partnership and of its subsidiaries is included on the basis of full consolidation with the third-party minority interest being reported separately Transactions and current account relations between consolidated companies have been eliminated

Applicable standards
The financial statements are prepared on the basis of the legal requirements as set out in part 9 of Book 2 of the Netherlands Civil Code With respect to the employee retirements plans and postretirement benefits the financial statements have been prepared in accordance with SFAS 158

Recently Adopted Accounting Standards
On November 30, 2006, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of Financial Accounting Standards Board (FASB) Statements No 87, 88, 106 and 132R) SFAS requires us to recognize on our balance sheet the difference between our benefit obligations and plan assets of our benefit plans In addition, we are required to recognize as part of partners capital accounts, net of tax, gains and losses due to difference between our actuarial assumptions and actual experience (actuarial gains and losses) and any effects on prior service due to plan amendments (prior service costs or credits) that arise during the period and which are not yet recognized as net periodic benefit costs At adoption date, we recognize the previously unrecognized actuarial gains and losses, prior service costs or credits and net transition amounts within partners capital accounts, net of tax This has a negative effect on partners capital accounts of USD 591 million

2. Summary of significant accounting policies

General
Unless otherwise stated assets and liabilities are carried at nominal value
The income and expenses are accounted for in the period to which they relate

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Fixed assets
The Partnership states intangible, tangible and financial fixed assets in accordance with accounting principles generally accepted for financial reporting in the Netherlands Pursuant to these principles, long-lived assets should be assessed on impairment in the case of changes or circumstances arising that lead to the suspicion that the book value of the asset may not t e recovered The recoverability of assets in use is determined by comparing the book value of an asset with the recoverable amount as the higher of the discounted future net cash flow that the asset is expected to generate or an asset's fair value less costs to sell If the book value of an asset exceeds the recoverable amount, an amount for impairment is charged to the result equal to the difference between the book value and the fair value of the asset. Assets for sale are stated at book value or lower market value, less selling costs

Intangible fixed assets
Goodwill is capitalized and amortized according to the straight line method over the estimated useful lives, determined at five years Goodwill is calculated as the excess of the acquisition costs over the underlying net assets against fair value of the acquired shares based on the group accounting principles of C.P Pharmaceuticals International C V

Other intangible fixed assets acquired are capitalized and amortized against income over the estimated useful life of the underlying asset, not exceeding 20 years.

Tangible fixed assets
Tangible fixed assets are stated at cost With the exception of land, tangible fixed assets are depreciated over their estimated economic lives by the straight line method

Financial fixed assets
Participations in respect of which less than 20% of the voting rights are held are carried at cost or lower realizable value

Participations in respect of which 20% or more of the voting rights are held are carried at net asset value The net asset value is calculated on the basis of the accounting principles of C P Pharmaceuticals International C V
In case the net equity of such a participation is a negative amount, a provision is created and booked against (long term) receivables from subsidiaries or affiliated companies, and the remaining amount is recognized as a provision

Securities held-to-maturity and securities held-for-sale, presented under long term investments, are carried at fair value (observable market quotes)

Long term loans are reported at their principal amount outstanding Interest income on loans is credited to income based on loan principal amounts outstanding at applicablo interest rates Any profit or loss is accounted for under net financial income

The deferred income taxes and the other financial fixed assets are valued at nominal value or lower market value.

Stocks
Stock is valued at cost or market value, if lower (in accordance with the FIFO method) Cost is determined as follows
- raw materials and supplies at average or latest actual cost
- finished goods and semi-finished goods at average actual cost
Where necessary, stocks are stated after deduction of a provision for obsolescence

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Receivables
Receivables are stated at nominal value reduced, where appropriate, by a provision for doubtful debtors

Securities available for sale, forward exchange contracts and interest rate swaps are carried at fair value.

Minority interest
The minority interests are valued at net asset value, which is determined in accordance with the accounting principles of C P Pharmaceuticals International C V

Provisions
Deferred tax liabilities
Insofar as valuations of assets and liabilities for tax purposes differ from their carrying amounts, and this results in deferred tax liabilities, a provision is formed for these liabilities, calculated at the tax rates that are expected to apply to the period when the liability is settled Deferred tax assets are only recognized if it is probable that sufficient taxable profit will be available to realize such assets

Employee retirement plans
Retirement plans are provided for employees of all major group companies The nature of such plans varies according to the legal and fiscal requirements and the economic conditions of the country in which the employees are employed Generally, the plans provide defined benefits based on employees' years of service and average or final remuneration Plan assets principally comprise marketable securities and property holdings Retirement plans to which employees contribute and non-contributory plans are generally funded by payments to independent trusts Valuations of plans are carried out by independent actuaries

Postretirement benefits other than pensions
Some group companies provide certain postretirement health care and life insurance benefits to retirees, the entitlement to which is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period The expected costs of these benefits are accrued over the periods employees render service to the group The plans are not funded A provision is included in the Financial Statements, which is sufficient to cover the present value of the expected postretirement benefit obligation based on current assumptions Valuations of these obligations are carried out by independent actuaries

Long term liabilities
Securities and cross currency swaps are stated at fair value

Net turnover
Net turnover is stated net of returns, commissions, discounts and value added tax

Revenues
Revenue Recognition – the Partnership records revenue from product sales when the goods are shipped and title passes to the customer. At the time of sale, the Partnership also records estimates for a variety of sales deductions, such as rebates, discounts and incentives, and product returns
Deductions from Revenues – the Partnership's gross product sales are subject to a variety of deductions, primarily representing rebates and discounts to government agencies, wholesalers and managed care organizations with respect to the Partnership's pharmaceutical products. These deductions represent estimates of the related obligations and, as such, judgment is required when estimating the impact of these sales deductions on gross sales for a reporting period

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Specifically

- The majority of the Partnership's *pharmaceutical rebates* are contractual or legislatively-mandated and the Partnership's estimates are based on actual invoiced sales within each period, both of these elements help to reduce the risk of variations in the estimation process Some European countries base their rebates on the government's unbudgeted pharmaceutical spending and the Partnership uses an estimated allocation factor against its actual invoiced sales to project the expected level of reimbursement The Partnership obtains third party information that helps monitor the adequacy of these accruals If the Partnership's estimates are not indicative of actual unbudgeted spending, the Partnership's results could be materially affected
- The Partnership records sales incentives as a reduction of revenues at the time the related revenues are recorded or when the incentive is offered, whichever is later The Partnership estimates *the cost of its sales* incentives based on its historical experience with similar incentives programs

Alliances – the Partnership has agreements to co-promote pharmaceutical products discovered by other companies Revenue is earned when the Partnership's co-promotion partners ship the related product and title passes to their customer. Alliance revenue is primarily based upon a percentage of the Partnership's co-promotion partners' net sales Generally, expenses for selling and marketing these products are included in *Selling expenses*

Other revenues

Other revenues are accounted for in the period to which they relate

Research and development expenses

Research and development (R&D) costs are expensed as incurred These expenses include the costs of the Partnership's proprietary R&D efforts as well as costs incurred in connection with the Partnership's third-party collaboration efforts Pre-approval milestone payments made by the Partnership to third parties under contracted R&D arrangements are expensed when the specific milestone has been achieved Once the product receives regulatory approval, the Partnership records any subsequent milestone payments in *Patents, trademarks and other intangible fixed assets* and amortizes them evenly over the remaining agreement term or the expected product life cycle, whichever is shorter The Partnership has no third-party R&D arrangements that result in the recognition of revenue

Taxation

The taxation on result comprises both taxes payable in the short term and deferred taxes, taking account of tax facilities and non-deductible costs No taxes are deducted from profits if and insofar as profits can be offset against unrecognized losses from previous years

Tax credits on losses are recognized if these can be offset against profits in previous years and this results in a tax rebate In addition, taxes may be deducted if and insofar as may be reasonably expected that losses can be offset against future profits

Result from participations

The share in the result of participating interests consists of dividends received from participations carried at cost, the share of the group in the result of participating interests carried at net asset value and the result of divestitures

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Foreign currencies

The reporting currency of the Partnership is the US dollar (USD)

For most international operations, local currencies have been determined to be the functional currencies The effects of converting non-functional currency assets and liabilities into the functional currency are recorded in *Other expenses* The Partnership translates functional currency assets and liabilities to their U S dollar equivalents at rates in effect at the balance sheet date and records these translation adjustments in *Partner's Capital Accounts – Currency Translation Difference* The Partnership translates functional currency statement of income amounts at average rates for the period

Assets and liabilities at year end and transactions during the year denominated in foreign currencies are translated into the reporting currency at exchange rates ruling at the end of the year and at the time of the transaction, respectively Any exchange gains or losses are recognized in the statement of income under net financial income

During consolidation intercompany exchange gains or losses recorded in net financial income are eliminated against *Partner's Capital Accounts – Currency Translation Difference*

For operations in highly inflationary economies, the Partnership translates monetary items at rates in effect at the balance sheet date, with translation adjustments recorded in *Net Financial Income*, and non-monetary items at historical rates

Financial Instruments

Foreign exchange risk

The Partnership entered into financial instruments to hedge or offset by the same currency an appropriate portion of the currency risk and the timing of the hedged or offset item

All derivative contracts used to manage foreign currency risk are measured at fair value and reported as assets or liabilities on the balance sheet Changes in fair value are reported in the profit and loss account or are deferred, depending on the nature and effectiveness of the offset or hedging relationship

Until recognition the earnings of cashflow hedges are taken to the Partners Capital accounts

The Partnership recognizes the profit and loss account impact of foreign currency swaps and foreign currency forward-exchange contracts designated as cash flow hedges in the profit and loss account upon the recognition of the foreign exchange gain or loss on the translation to U S dollars of the hedged items.

The Partnership recognizes the profit and loss account impact of foreign currency swaps and foreign currency forward-exchange contracts that are used to offset foreign currency assets or liabilities in the profit and loss account during the terms of the contracts, along with the profit and loss account impact of the items they generally offset

Any ineffectiveness in a hedging relationship is recognized immediately into the profit and loss account There was no significant ineffectiveness in 2005/ 2006 or 2004/ 2005

Interest rate risk

The Partnership entered into financial instruments to hedge the fixed or variable interest rates on the hedged item, matching the amount and timing of the hedged item

All derivative contracts used to manage interest rate risk are measured at fair value and reported as assets or liabilities on the balance sheet Changes in fair value are reported in the profit and loss account or are deferred, depending on the nature and effectiveness of the offset or hedging relationship

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Until recognition the earnings of cashflow hedges are taken to the Partners Capital accounts

The Partnership recognizes the profit and loss account impact of interest rate swaps designated as cash flow hedges in the profit and loss account upon the recognition of the interest related to the hedged items

The Partnership recognizes the profit and loss account impact of interest rate swaps as fair value hedges in the profit and loss account upon the recognition of the change in fair value for interest rate risk related to the hedged items

Any ineffectiveness in a hedging relationship is recognized immediately into the profit and loss account There was no significant ineffectiveness in 2005/ 2006, 2004/ 2005 or 2003/ 2004

The use of estimates
During the preparation of the financial statements, the management must in accordance with the general prevailing principles, make certain estimates and assumptions that co-determine the stated amounts For example, estimates are used when accounting for deductions from revenues (such as rebates, discounts, incentives and product returns), depreciation, amortization, employee benefits, contingencies and asset and liability valuations The actual results may deviate from these estimates.

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3. Intangible fixed assets

(USD'000)	Goodwill	Patents, Trademarks and Other	Total
At cost			
Balance beginning of year	9 399 633	15 509 625	24 909 258
Movements in consolidation	-	(1 152 183)	(1 152 183)
Acquired	228 298	2 374 751	2 603 049
Disposals	-	(25 527)	(25 527)
Translation differences	-	1 072 642	1 072 642
Balance end of year	9 627 931	17 779 308	27 407 239
Accumulated amortization			
Balance beginning of year	3 081 856	4 195 313	7 277 169
Movements in consolidation	-	(825 128)	(825 128)
Amortization for the year	1 909 301	2 497 538	4 406 839
Disposals	-	(22 856)	(22 856)
Translation differences	-	305 259	305 259
Balance end of year	4 991 157	6 150 126	11 141 283
Net book value as at 30 November 2006	**4 636 774**	**11 629 182**	**16 265 956**
Net book value as at 30 November 2005	**6 317 777**	**11 314 312**	**17 632 089**
Amortization in %	20	5 - 20	

The amortization on intangible fixed assets is included in the selling expenses and general and administrative expenses.

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Intangible fixed assets (cont'd)

Patents, trademarks and other can be specified as follows.

	Gross carrying amount	Accumulated amortization	Net book value
(USD'000)			
Developed Technology rights	13 777 938	(5 512 276)	8 265 662
Brands	2 902 447	(291 409)	2 611 038
Licence agreements	391 004	(58 249)	332 755
Trademarks	117 077	(89 594)	27 483
Other	590 842	(198 598)	392 244
Balance end of year	**17 779 308**	**(6 150 126)**	**11 629 182**

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4. Tangible fixed assets

(USD'000)	Land and buildings	Machinery and equipment	In construction	Other	Total
At cost					
Balance beginning of year	3 966 130	5 356 419	682 365	467 613	10 472 527
Movement in consolidation	169 838	(181 069)	(44 639)	46 733	(9 137)
Acquired	218 397	805 101	164 415	32 751	1 220 664
Disposals	(162 428)	(203 246)	(25 045)	(20 199)	(410 918)
Translation differences	355 647	445 021	54 837	44 228	899 733
Balance end of year	4 547 584	6 222 226	831 933	571 126	12 172 869
Accumulated depreciation					
Balance beginning of year	774 685	2 588 136	-	310 291	3 673 112
Movement in consolidation	6 717	20 409	-	(48 649)	(21 523)
Depreciation for the year	158 591	529 836	-	63 522	751 949
Disposals	(76 150)	(146 530)	-	(10 601)	(233 281)
Translation differences	69 649	232 693	-	27 897	330 239
Balance end of year	933 492	3 224 544	-	342 460	4 500 496
Net book value as at 30 November 2006	**3 614 092**	**2 997 682**	**831 933**	**228 666**	**7 672 373**
Net book value as at 30 November 2005	**3 191 445**	**2 768 283**	**582 365**	**157 322**	**6 799 415**
Depreciation in %	0–4	5–12 5	–	8–33 1/3	

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5. Financial fixed assets

(USD'000)	Participations stated at net equity	Participations stated at cost	Long term investments	Long term loans	Deferred income taxes	Other	Total
Beginning balance	483 648	648 124	547 044	431 527	1 889 442	1 629 385	5 729 170
Additions	939 589	-	1 340 969	438 837	85 137	-	2 804 532
Share in result	2 950 428	-		-	-	-	2 950 428
Disposals/ repayments	(36)	(150)	(411 924)	(200 000)	-	-	(612 110)
Re-class to receivables	-	-	-	-		(404 357)	(404 357)
Dividend payments	(4 153 810)	-	-	-		-	(4 153 810)
Currency translation adjustment	-	-	-	-	68 320	-	68 320
Movement from provision	-	-	-	-	(181 610)	-	(181 610)
Other	-	-	(49 666)		(23 534)	-	(73 200)
Ending balance	219 819	647 974	1 526 423	670 364	1 837 755	1 225 028	6 127 363

As at 30 November 2006 the following participations are stated at net equity

Pfizer Pharmaceuticals LLC, USA (47%)
Warner-Lambert South Africa (Proprietary) Limited, South Africa (34%)
Pharmacia South Africa (Pty) Ltd, South Africa (39%)
Pharmacia & Upjohn, S.A de C V, Mexico (77%)
Jusafarm D O O, State Union of Serbia and Montenegro (50%),
Pfizer Chile S A, Chile (34%)
Pfizer Australia Holdings Pty Ltd, Australia (69%)
Pfizer Algerie Sante et Nutrition Animale, Algeria (48%)
Pfizer S G P S Lda, Portugal (43%)
Pfizer Limited, Taiwan (49%)
Pfizer Private Limited, Singapore (30%)
Pfizer Corporation Austria GmbH, Austria (40%)
Pfizer S.A, Peru (36%)

As at 30 November 2006 the following participations are stated at cost.

Pravo Investment, Co, Isle of Jersey (49 9%) - voting rights in this participation are less than 20%, therefore stated at cost
Pharmacia Limited, United Kingdom (19%)

Long term investments are mainly securities available-for-sale stated at fair value with a maturity date of more than one year The fair value of the securities amounts to USD [illegible] 4 billion (2004 / 2005. USD 0 6 billion) Long term investments also represent currency swaps stated at fair value with duration of more than one year Cross currency swaps are stated at a fair value of USD 0 million (2004 / 2005: 6 million) [illegible] of

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Long term loans concern loans and advances to banks and to other parties

The deferred income taxes represent the recognized available tax loss carry-forwards, including current portion of deferred income tax receivable of USD 1 4 billion (2004/ 2005 USD 1 4 billion)

The other financial fixed assets mainly include deferred charges and deposits advances

6. Stocks

	30 November 2006	30 November 2005
(USD'000)		
Raw and auxiliary materials	697 323	578 664
Semi-finished goods	3 601 364	2 386 236
Finished products	384 213	1 197 185
	4 682 900	**4 162 085**

7. Receivables

	30 November 2006	30 November 2005
(USD 000)		
Short term loans and investments	3 505 113	1 258 068
Trade accounts	5 268 799	4 791 872
Accounts receivable from Partners	2 094 254	2 765 071
Accounts receivable from affiliated companies	4 033 820	6 308 599
Other	626 640	444 375
	15 528 626	**15 567 985**

Short term loans
The line short term loans and investments includes securities at a fair value of USD 3 1 billion (2004/ 2005 USD 0.7 billion)

Other
The line 'Other' includes USD 250 million prepaid expenses, forward exchange contracts stated at a fair value of USD 55 million (2004/ 2005· USD 37 million) and interest rate swaps stated at a fair value of USD 3 million (2004/ 2005 USD 4 million)

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8. Cash and banks

The balance as at 30 November 2006 consists of on demand payable cash and banks

9. Partners Capital Accounts

The detailed information is disclosed in the notes to the Partnership annual accounts for the year ended 30 November 2006

10. Minority interest

The minority interest represents the share of third parties in the shareholders' equity of the following entities

Pharmacia International B V , The Netherlands (19%)
Pfizer S A , Spain (33%)
Pfizer Limited, India (31%)
Other entities (amount of the minority share is less than USD 33 million)

Minority interest can be specified as follows

	30 November 2006	30 November 2005
(USD'000)		
Balance beginning of year	586 064	688 104
Additions/ Disposals	(1 758 139)	(1 206 254)
Share in result	1 409 124	1 104 214
Balance end of year	**237 049**	**586 064**

11. Provisions

	30 November 2006	30 November 2005
(USD'000)		
Deferred income taxes	2 527 451	2 699 002
Pensions and similar obligations	1 759 663	1 322 131
Other	39 045	-
	4 326 159	**4 021 133**

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Deferred income taxes

(USD'000)	2005/2006
Beginning balance	2 699 002
Current year provision	30 319
Movement to Financial fixed assets	181 610
Currency translation adjustment	(341 903)
Other	(41 577)
Ending balance	**2 527 451**

The deferrals with a residual term of one year and less, amount to USD 79 million (2004/ 2005· USD 78 million).

Pensions and similar obligations

Defined Benefit Pension Plans (USD'000)	**Pension Benefit 2005/2006**	**Other Benefit 2005/2006**	**Pension Benefit 2004/2005**	**Other Benefit 2004/2005**
Change in Benefit Obligation (PBO)				
Benefit obligation at beginning of year	5 386 798	10 343	5 385 233	11 054
Service cost	254 496	92	251 687	105
Interest cost	229 058	904	230 982	945
Employee contributions	20 302	-	20 318	-
Plan amendments	-	536	4 145	-
Plan net (gains)/losses	39 991	4,688	307 134	-
Foreign exchange impact	613 817	(1 317)	(684 056)	(1 200)
Acquisitions	49 178		7 371	-
Divestitures	-		-	-
Curtailments	(16 976)		(1 281)	-
Settlements	(65 104)	-	(13 804)	-
Special Termination Benefits	13 810	-	29 273	-
Benefits paid	(199 715)	(517)	(217 412)	(561)
Movement in consolidation	(10,169)	-	67 208	-
Benefit obligation at end of year	6 315 486	14 729	5 386 798	10 343

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	Pension Benefit 2005/2006	Other Benefit 2005/2006	Pension Benefit 2004/2005	Other Benefit 2004/2005
Changes In Plan Assets				
Fair value of plan assets at beginning of year	3 556 241		3 316 524	-
Actual return on plan assets	426 095		648 808	
Company contributions	375 365	517	324 299	561
Employee contributions	20 302	-	20 318	-
Foreign exchange impact	417 404		(421 276)	-
Acquisitions	6 499	-	3 427	
Divestitures	-		-	
Settlements	(49 917)		(13 804)	-
Benefits paid	(199 715)	(517)	(217 412)	(561)
Movement in consolidation	23 883	-	(2 643)	
Fair value of plan assets at end of year	4 576 157	-	3 556 241	-
Funded Status				
Plan assets in excess of/(less than) benefit obligation	(1 739 329)	(14,729)	(1 830 557)	(10 343)
Unrecognised				
Net transition (asset) liability			2 439	1 142
Plan net (gains)/losses			1 504 066	2 222
Prior service costs/(gains)			(43 038)	220
Net amount recognized			(367 090)	(6 759)
Balance Sheet Components				
Intangible fixed assets	-		10 428	-
Prepaid benefit cost	34 324	-	500 939	-
Current liabilities	(28 091)	(628)	-	-
Provisions Pensions and similar obligations	(1 745 562)	(14 101)	(1316 372)	(6 759)
Funded Status	(1 739 329)	(14 729)		-
Partners Capital account	-		436 915	-
Net amount recognized	-	-	(367 090)	(6 759)

For employee retirement plans with benefit obligation in excess of plan assets, the respective amounts at 30 November 2006 were benefit obligations of USD 5 8 billion (2004/ 2005 USD 5 2 billion) and plan assets of USD 4 0 billion (2004/ 2005 USD 3 3 billion)

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Employee retirement plans and other post retirement benefits continued

(USD'000)	Pension Benefits 2005/2006	Other Benefits 2005/2006	Pension benefits 200 '2005	Other benefits 2004/2005
Net Periodic Cost				
Service cost	254 496	92	251 687	105
Interest cost	229 058	904	230 982	945
Expected return on plan assets	(243 224)	-	(229 538)	-
Net amortisation of unrecognised				
Prior service costs (gains)	(3 209)	40	(4 428)	-
Transition amount (asset)/obligation	2 093	137	1 289	
Plan (gains)/losses-net	95 642	74	87 428	82
Curtailments and settlements-net	(8 787)	-	4 270	
Special termination benefits	13 810		29 273	
Net periodic cost	339 879	1,247	370 963	1 132
Defined Contribution Plan Data				
Net periodic pension cost-employer contribution required based on service rendered	23 362		30 896	

Discount rates, projected rates of remuneration growth and expected rates of return on plan assets vary for the different plans as they are determined in the light of local conditions The weighted averages applicable for the principal plans are

	Pension benefits 2005/2006	Other benefits 2005/2006	Pension benefits 2004/2005	Other benefits 2004/2005
Discount rate	4 3%	9 0%	4 6%	9 5%
Projected rate of remuneration growth	3 6%		3 4%	
Expected rate of return on plan assets	6 9%		6 7%	

The effect of a one percentage point increase/(decrease) on total of service and interest cost components is approximately USD 0 2 million/ (USD 0 1 million) and on the postretirement benefit obligation approximately USD 2 5 million/ (USD 1 9 million)

Other
The line Other includes estimates of unpaid obligations that have incurred but are not yet payable Subsidiaries of the Partnership recorded provisions for litigation for the book year ending 30 November 2006. Provisions for the majority of litigation and product matters have been recorded by the *ultimate* parent company Pfizer Inc

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12. Long term liabilities

(USD'000)	30 November 2006	30 November 2005
Long term debt	6 753	1 011 133
Other long term liabilities	482 806	461 047
	489 559	**1 472 180**

Long term debt
As at 30 November 2005 the long term debt included securities stated at fair value with a maturity date of more than one year The fair value of the securities amounted to USD 1 billion This bond matured in June 2006

Other long term liabilities
Other long term liabilities represent currency swaps and non-interest bearing obligations with duration of more than one year Cross currency swaps are stated at a fair value of USD 259 million (2004/ 2005 USD 119 million)

13. Current liabilities

(USD'000)	30 November 2006	30 November 2005
Short term loans / bank overdrafts	50 793	9 063 402
Trade accounts	1 149 175	1 069 665
Accounts payable to Partners	791 955	1 267 444
Accounts payable to affiliated companies	5 528 961	14 044 475
Taxes	788 006	257 248
Other accounts payable and accrued expenses including payroll taxes	2 429 947	2 256 446
	10 738 837	**27 958 680**

Short term loans / bank overdrafts
The fair value of the securities included in short term loans/bank overdrafts amounts to USD 0 0 billion (2004/ 2005, 9 0 billion)

Other accounts payable and accrued expenses
Other accounts payable and accrued expenses includes USD 859 million accrued employee expenses, forward exchange contracts stated at a fair value of USD 115 million (2004/ 2005 57 million) and interest rate swaps at a fair value of USD 0 million (2004/ 2005 2 4 million)

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14. Financial instruments

General
During the normal course of business, the Partnership makes use of various financial instruments that expose the Partnership to market or credit risks These concern financial instruments that are included on the balance sheet. The Partnership does not trade in these financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market If a counterparty fails to meet its payment obligations to the Partnership, the resulting losses are limited to the fair value of the instruments in question The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks

Foreign exchange risk
A significant portion of revenues, *earnings and net investments* in foreign affiliates is exposed to changes in foreign exchange rates The Partnership seeks to manage its foreign exchange risk in part through operational means, including managing expected same currency revenues in relation to same currency costs, and same currency assets in relation to same currency liabilities Depending on market conditions, foreign exchange risk is also managed through the use of derivative financial instruments and foreign currency debt These financial instruments serve to protect net income and net investments against the impact of the translation into U S dollars of certain foreign exchange denominated transactions

Interest rate risk
The Partnership's interest-bearing investments, loans and borrowings are subject to interest rate risk The Partnership invests, loans and borrows primarily on a short-term or variable-rate basis From time to time, depending on market conditions, the Partnership will fix interest rates either through entering into fixed-rate investments and borrowings or through the use of derivative financial instruments

Credit risk
On an ongoing basis, the Partnership reviews the creditworthness of counterparties to foreign exchange and interest rate agreements and does not expect to incur a loss from failure of any counterparties to perform under the agreements

There are no significant concentrations of credit risk related to the Partnership's financial instruments with any individual counterparty

In general there is no requirement for collateral from customers However, derivative financial instruments are executed under master netting agreements with financial institutions
These agreements contain provisions that provide for the ability for collateral payments, depending on levels of exposure and the credit rating of the counterparty and the Partnership

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Securities

	Fair value 30 November 2006	Fair value 30 November 2005
(USD'000)		
Securities, assets, available for sale	3 410 169	1 261 637
Securities, assets, held to maturity	1 043 744	45 437
	4 453 913	1 307 074
Securities, debts	-	(9 970 677)
	-	(9 970 677)

The fair values of securities, assets are included in financial fixed assets (long term) and other receivables (short term) The fair values of securities, debts are included in long term liabilities and current liabilities.

Derivatives

	Est fair value 30 November 2006	Est fair value 30 November 2005	Contract value 30 November 2006	Contract value 30 November 2005
(USD'000)				
Forward exchange contracts, assets	54 772	37 357	8 589 691	6 855 257
Forward exchange contracts, debts	(114 620)	(56 763)	(8 647 081)	(6 865 586)
	(59,848)	(19 406)	(57 390)	(10 329)
Cross currency swaps, assets	-	7 617	610 944	7 157
Cross currency swaps, debts	(258 989)	(119 359)	604 793	(112 342)
	(258 989)	(111 742)	1 215 737	(105 185)

The fair values of forward exchange contracts are included in receivables and current liabilities and cross currency swaps are included in long term investments and in other long term liabilities.

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Derivatives (cont'd)

(USD'000)	Est fair value 30 November 2006	Est fair value 30 November 2005	Contract value 30 November 2006	Contract value 30 November 2005
Interest rate swaps, assets	2 818	3 541	85 000	170 000
Interest rate swaps, debts	(21)	(2 446)	100 000	280 000
	2 797	**1 095**	**185 000**	**450 000**

The fair values of interest rate swaps are included in other receivables and current liabilities

15. Net turnover

Sector analysis

(USD'000)	2005/ 2006	2004/ 2005
Pharmaceutical products	29 165 603	30 337 173
OTC (Consumer Healthcare division)	1 417 992	1 415 244
Diagnostics products	-	2 779
	30 583 795	**31 755 196**

Geographical analysis

(USD'000)	2005/ 2006	2004/ 2005
America (USA, Canada and Mexico)	12 508 771	10 562 388
Europe	11 490 035	13 420 894
Asia, Australia, New Zealand	4 311 276	5 643 077
Rest of world	2 273 713	2 128 837
	30 583 795	**31 755 196**

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Parties

(USD'000)	2005/ 2006	2004/ 2005
Affiliated companies	12 571 999	18 592 432
Third parties	18 011 796	13 162 764
	30 583 795	**31 755 196**

16. Other expenses

(USD'000)	2005/ 2006	2004/ 2005
Royalty expenses	2 272 330	2 396 429
Amortization of intangible assets	1 544 667	1 753 842
Restructuring expenses	191 338	263 901
Distribution expenses	234 569	249 771
Other expenses	57 277	62 795
	4 300 181	**4 726 738**

17. Other revenues

(USD'000)	2005/ 2006	2004/ 2005
Result on disposed products and trademarks	-	23 863

18. Wages and salaries and social charges

(USD'000)	2005/ 2006	2004/ 2005
Wages and salaries	3 297 588	3 332 201
Social charges	758 289	434 906
Pension charges	363 241	401 859
	4 419 118	**4 168 966**

Wages and salaries and social and pensions charges are included in the Research and development, Selling and General and administrative expenses.

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19. Average number of employees

	2005/ 2006	2004/ 2005
America	6 076	5 605
Europe	31 560	30 272
Asia	17 115	13 610
Rest of the world	2 026	1 667
	56 777	**51 154**

Within the consolidated group of entities of C P Pharmaceuticals International C V in 2005/ 2006, 392 people were employed in The Netherlands (2004/ 2005 407)

20. Stock options

Pfizer Inc may grant stock options to employees, including officers Options are exercisable after five years or less subject to continuous employment and certain other conditions, and generally expire 10 years after the grant date Once options are exercisable, the employee can purchase shares of the Pfizer Inc common stock at the market price on the date the option is granted Former Pharmacia plans provided that, in the event of a change in control of Pharmacia, stock options already granted become immediately exercisable

The table below summarizes information concerning options outstanding under the plans at year end 2006

Range of Exercise Price	Number Outstanding at 31/12/06 *('000)*	Weighted Average Remaining Contractual Term (years)	Weighted Average Exercise Price (Total Options)	Number Exercisable at 31/12/06 *('000)*	Weighted Average Exercise Price (Exercisable Options)
0 – 19,99	2 939	0 6	$ 17,31	2 939	$ 17,31
20 – 29,99	34 539	7 3	$ 27,30	15 378	$ 28,67
30 – 34,99	14 637	4 3	$ 32,56	13 423	$ 32,41
35 – 39,99	18 569	5 6	$ 36,64	5 336	$ 35,34
40 – 41,99	12 264	5 2	$ 41,31	12 264	$ 41,31
42 – 44,99	12 328	2 3	$ 42,07	12 328	$ 42,07
over 45	9 990	4 1	$ 45,34	9 990	$ 45,34
	105 266			**71 658**	

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The following table summarizes the activity for the plans

Activity stock options	Number of shares	Weighted average price
Options outstanding as of 31 December 2005	102 104 703	$ 34,85
Options granted in 2006	11 669 511	$ 26,18
Options exercised in 2006	(2 946 006)	$ 14,55
Options cancelled in 2006	(6 896 891)	$ 34,03
Movement in consolidation	1 334 307	
Options outstanding as of 31 December 2006	105 265 624	$ 34,48

The weighted average fair value per stock option granted was $5,42 for 2006 and $ 5,15 for 2005

The costs of the stock option plan are accounted for in the annual report of Pfizer Inc,

21. Net financial income

(USD'000)	2005/ 2006	2004/ 2005
Interest income	385 773	587 670
Interest expense	(292 667)	(324 874)
Foreign exchange loss	(1 664)	(859)
	91 442	261 937

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22. Taxation

The applicable weighted average tax rate is 13 96% in 2005/ 2006 (2004/ 2005 15 6%) The tax charge in the profit and loss account over 2005/ 2006 amounts to USD 1 5 billion (2004/ 2005 USD 1 1 billion), or 23% (2004/ 2005 14%) of the result before taxes and mainly includes tax over the current year, tax on non-taxable revenues, tax on non-deductible interest and other cost and deferred tax liability The tax charge in the profit and loss account includes the following components

	2005/ 2006	2004/ 2005
(USD'000)		
Tax liability over current financial year	3 026 584	5 193 442
Tax on non-taxable income / expense	(1 663 483)	(3 978 864)
Deferred tax liability	(64 521)	(119 873)
Prior period correction	222 027	(56 252)
Other	(33 323)	68 308
	1 487 284	**1 106 761**

23. Result from participations

	2005/ 2006	2004/ 2005
(USD'000)		
Dividend income from participations stated at cost	-	49 115
Net income from participations stated at net equity	2 950 428	790 475
Result on divestitures	-	200 396
	2 950 428	**1 039 986**

24. Cash flow statement

The Partnership has elected not to present a separate statement of consolidated cash flows. Accordingly, a copy of the consolidated statements of Pfizer Inc for the year ended 31 December 2006, in which the consolidated cash flow statement of C.P Pharmaceuticals International C V is incorporated, is deposited at the Chamber of Commerce of Rotterdam, The Netherlands

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25. Lease commitments

	Within one year	Within two to five years	After more than five years	Total
(USD'000)				
Lease commitments and rent expense	82 670	167 741	14 348	**264 759**

26 Transactions with related parties

In its normal course of business, the partnership buys and sells goods and services from and to various related parties in which the partnership has an interest of 50% or less Generally, these transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties In 2006, the purchase of goods and services from related parties amounted to USD 934 million, and the sale of goods and services to related parties amounted to USD 395 million As at 30 November 2006, the accounts receivable from related parties amounted to USD 986 million, while amounts owed to related parties amounted to USD 2 5 billion

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27. Other contingencies

Certain subsidiaries participate in cash pooling arrangements with affiliates involving a series of cross guarantees between the parties
The total exposure of the guarantees amounts to USD 80 million

For the purposes of applying the exemption under Article 403, Book 2 of the Dutch Civil Code, the Partnership has assumed joint and several liability for all legal transactions carried out by

Pfizer B V
Pfizer Pharmaceuticals B V
Pfizer Animal Health B V
Pfizer Holdings B V
Pfizer Global Holdings B V
Pfizer Consumer Healthcare B V
Roerig B V
Pfizer Holland Pharmaceuticals B V
Pharmacia B V
Pharmacia International B V

The Partnership has guaranteed the liabilities (as defined by Section 5(c)(ii) of the Irish Companies (Amendment) Act, 1986) of the subsidiaries as listed below, in order to allow them avail of the exemption from filing their individual financial statements for the year ended 30 November 2006, as set out in Section 17 of the Irish Companies (Amendment) Act, 1986

Pfizer Cork Limited
Pfizer Distribution Company
Pfizer Export Company
Pfizer Finance International Limited
Pfizer Fundings International
Pfizer Global Trading
Pfizer Healthcare Ireland
Pfizer Holding Ventures
Pfizer Holdings Europe
Pfizer International Holdings Limited
Pfizer Investment Capital plc
Pfizer Ireland Ventures
Pfizer Ireland Pharmaceuticals
Pfizer Science and Technology Ireland Limited
Pfizer Service Company Ireland
Pfizer Shared Services
Thorney Company
Warner Lambert Ireland
Pfizer Manufacturing Services
Pharmacia Ireland Limited
Pfizer Consumer Healthcare Ireland

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28. Litigation and Proceedings

The Partnership and its subsidiaries from time to time are involved in various patent, product liability, consumer, environmental and tax claims and litigations, and additional matters that arise from time to time in the ordinary course of business These include challenges to the coverage and/or validity of patents on products or processes and allegations of injuries caused by drugs or medical devices The Partnership and its subsidiaries are also from time to time subject to environmental laws and regulations, and are also involved with or the subject of governmental or regulatory agency inquiries or investigations from time to time Litigation is inherently unpredictable and excessive verdicts that are not justified by evidence can occur The Partnership believes that it and its subsidiaries have valid defenses with respect to the legal matters pending against them and, taking into account insurance and reserves, the Partnership believes that the ultimate resolution of these matters will not have a material adverse impact on the financial condition, results of operations, or cash flows of the Partnership It is possible, however, that cash flows or results of operations could be affected in any particular period by the resolution of one or more of these contingencies

Patent Matters

Atorvastatin. Pfizer Ireland Pharmaceuticals ("PIP"), of which CPPI CV is a partner, owns interests in worldwide patents covering Lipitor that are being challenged in lawsuits in the U K , Spain, Denmark, Austria, Ireland, Australia, Belgium, Canada, Germany, Greece, Italy, Korea, Mexico, Portugal, the Netherlands, Finland, Norway and Sweden, as well as in the United States An appellate court has upheld the decision of the Austrian Patent Office revoking the pharmaceutical product claims of the Austrian patent on the enantiomeric compound used in Lipitor The enantiomer patent has also been challenged in Spain and we are appealing two adverse trial rulings, while in July 2007 we prevailed at trial against Ranbaxy A separate patent that claims a class of compounds including the compound used in Lipitor ("the basic patent") has been challenged in the U K , where Pfizer has prevailed at trial and appeal Pfizer has prevailed at trial in other cases against Ranbaxy on the basic patent, in Australia, the Netherlands and in Ireland, and Ranbaxy has appealed those decisions In Australia and the Netherlands, the enantiomer patent was declared invalid and the company is appealing those decisions In Canadian proceedings relating to preventing Ranbaxy from obtaining market approval, we are awaiting an appeal decision in our loss against Ranbaxy on the enantiomer patent, while Ranbaxy's approval remains blocked due to our trial win on a crystalline polymorph patent We expect Ranbaxy to appeal the decision on the crystalline polymorph patent, and further proceedings are scheduled for trial in October 2007, against another company, Apotex A preliminary injunction was obtained against Ranbaxy in Denmark on both the basic and enantiomer patents, Ranbaxy has appealed Litigation on the basic patent remains pending in other countries, including Belgium, Germany, Italy, Mexico and Sweden In litigation in Norway on other patents covering processes for making atorvastatin, adverse appellate rulings have been issued and became final in August 2007. Finally, in the U S , PIP is a plaintiff in a patent infringement lawsuit against Ranbaxy Laboratories Limited and Ranbaxy Pharmaceuticals Inc , which was decided in Pfizer's favour in late 2005 at the trial level Ranbaxy appealed and on August 2, 2006 the CAFC ruled the basic patent infringed by Ranbaxy's product, but also held a claim of the enantiomer patent invalid on technical grounds

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In January 2007 we filed a reissue application with the U S Patent Office to correct the technical defect in the enantiomer patent Ranbaxy petitioned for Supreme Court review of the CAFC decision, but that petition was denied in April 2007

PIP is also a plaintiff in a patent infringement lawsuit on the basic patent filed against Rar baxy in March 2007 over their ANDA for generic Caduet, the combination of atorvastatin and amlodipine, and on the enantiomer patent, filed against Teva in June 2007 over their ANDA for generic atorvastatin Both of those cases are in their early phases.

Celecoxib. In February 2004, Teva filed a Paragraph IV Notice challenging US basic and use patents assigned to CPPI CV partner G.D Searle, and in March 2004 Pfizer (along with other partners Pharmacia Corp, Pharmacia & Upjohn Co LLC as plaintiffs) filed a patent infringement lawsuit against Teva with respect to this challenge Trial concluded in December 2006 and on March 19, 2007, the judge held that all three of Pfizer's patents were valid and infringed; and ordered the approval date of Teva's generic product to be no sooner than December 2015 Teva has appealed and an appeals hearing is expected in early 2008 In Canada, Novopharm filed a Notice of Allegation against the Canadian G D Searle patent covering celecoxib and Pfizer commenced legal proceedings based on Novopharm's notice In February 2007 a trial court denied G D Searle's request to block approval of the Novopharm generic but the Canadian Court of Appeal reversed the lower court and issued a notice prohibiting Novopharm's generic celecoxib approval until expiration of the patent in 2014 Novopharm has petitioned the Supreme Court of Canada to review the appellate decision

Gabapentin. On 25 April 2000, U S Patent 6,054,482, covering anhydrous gabapentin (Neurontin) formulations containing low levels of lactam and mineral acids (the "low-lactam patent"), was issued to CPPI CV's subsidiary, Godecke Aktiengesellschaft, now Godecke GmbH In 2000 and subsequent years Warner-Lambert has brought patent infringement suits against several generic manufacturers that have filed abbreviated new drug applications with the FDA asserting the invalidity and non-infringement of the low-lactam patent The defendants have filed various summary judgment motions asserting invalidity and non-infringement on a number of grounds In 2004 after the U S District Court for the District of New Jersey denied our requests for temporary re straining orders against these generics, several launched at-risk In 2005, two non-infringement motions were decided in favor of the defendants, and Warner-Lambert appealed In September 2007 the CAFC reversed the trial court's grant of summary judgment on one of the motions, and ordered the trial court to hold further proceedings, but no schedule has been established for those proceedings Counterclaims in these suits as well as various independent actions have been filed claiming that our attempts to enforce rights under these patents constitute unfair competition and/or violations of the antitrust laws These counterclaims and independent actions have been consolidated in the same federal cou rt and stayed pending the outcome of our patent infringement suits

Sildenafil. Certain of the Partnership's subsidiaries own interests in worldwide patents covering the use of cGMP PDE inhibitors, including sildenafil citrate (Viagra) and competitor PDE inhibitors (e g., Cialis and Levitra) The patent was held invalid in the U K In November 2001, and later on appeal In Opposition proceedings in the European Patent Office, the patent was revoked in July 2001 and appeal denied In October 2002 Pfizer Inc filed in the United States patent infringement actions against Bayer/GlaxoSmithKline and separately, against ICOS/Eli Lilly. Subsequently both companies launched their respective erectile dysfunction treatments in the United States. The launch of Cialis by Lilly/ICOS and Levitra (GlaxoSmithKline/Bayer) worldwide has resulted in a significant reduction in the sales of Viagra across all markets

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In 2002-2003 related entities of Pfizer Inc and Pfizer Ltd filed similar patent infringement actions on the analogous national patents in Canada, Mexico, Brazil, Australia, New Zealand and South Africa in response to patent revocation actions brought by Eli Lilly and Bayer in those jurisdictions. In 2005 decisions adverse to Pfizer were rendered in Australia and Brazil, and our appeal in Australia was denied, while our appeal in Brazil remains pending. In New Zealand and South Africa, the patent was revoked subsequent to Pfizer's abandonment of the defense of the patent in those countries. In September 2003 the U S Patent and Trademark Office initiated a re-examination of the U S "use" patent, and the U S litigations against Bayer and GlaxoSmithKline and ICOS and Eli Lilly have been stayed during the pendency of the re-examination In 2004, a worldwide settlement of all disputes with Bayer and GlaxoSmithKline over the patent was reached, and the lawsuits against ICOS and Eli Lilly remain pending in the US, Canada, Mexico, and Brazil

In Canada, two patents have been involved in litigation to prevent generic approval the basic compound patent, expiring 2011, and the Viagra use patent (above, expiring 2014). In early 2007 district and appellate courts denied Pfizer's request for an order of prohibition against approval of Apotex' generic sildenafil drug application, holding that Pfizer had not disproved Apotex' allegations of the invalidity of the basic compound patent In a parallel case, a trial was held in May 2007 on Apotex' allegations of invalidity of the Viagra use patent, and we are awaiting a decision Other patents are on the Register for Viagra but in September 2007 the Health Ministry advised us that these patents would not prevent Apotex from receiving approval

Tolterodine. Certain of the Partnership's subsidiaries own interests in worldwide patents covering tolterodine In February 2004 Teva notified us that it had filed abbreviated new drug applications with the US FDA seeking approval to market a product containing tolterodine and asserting the non-infringement and invalidity of our patents relating to this product In March 2004 Pfizer filed suit against Teva in the U S District Court for the District of New Jersey In January 2007 Teva dropped its challenge to this patent and later the same day its wholly-owned subsidiary, Ivax, filed a challenge on substantially the same grounds This triggered a new 30 month stay against Ivax Trial is not expected, therefore, until late 2009 In South Korea, Pfizer filed ten lawsuits against a conglomerate of Korean generic companies, headed by Anguk, that have obtained approval to launch, but have not thus far launched, generic tolterdine tartrate controlled-release products.

Commercial Matters

In September 2005, the Polish National Health Fund ("NHF") launched separate civil suits against some pharmaceutical companies, including Pfizer Polska sp z o o. and Pharmacia Polska sp z o o (together, "Companies"), claiming that during the period of May 1, 2000 to April 9, 2002, the Companies inflated the declared customs values of imported medicines, thereby causing higher listed prices and, consequently, higher NHF reimbursement spend According to the NHF, the declared customs values of imported medicines were inflated because they did not take into account discounts, rebates or similar mechanisms that the Companies received from their exporting affiliates No mechanism for calculating these damages was provided

These civil law suits represent a third prong of what became known as the Customs Margin Issue in Poland, arising in 2001, when the Polish government first began to investigate the industry's declared customs values of imported medicines The other two prongs are based on VAT regulations and pricing regulations

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The VAT potential case has been built around allegedly improper VAT documentation that does not reflect real customs values, while the potential pricing claim has been developed on the argument that the maximum official wholesaler's margins were exceeded due to over-declared customs values The status of the VAT and pricing issue was addressed in a case against Sanofi-Aventis, Eli Lilly and GSK in which the court ruled in favour of these companies However, the Tax Chamber refuses to accept these rulings as precedent, there is no final interpretation issued by any authority and, thus, pricing and VAT remain potential issues for other companies, including Pfizer and Pharmacia

In 2005 the pharmaceutical industry and NHF (representing also the Ministries of Finance and Health) negotiated for a potential settlement on all three prongs However, no agreement was reached

Both cases against the Companies were suspended in September and October 2006 after a motion by NHF, which claimed that it would prepare a proposal to the industry on the margin issue Such a proposal has not been offered to date

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29. Principal subsidiary companies

Unless stated otherwise, all subsidiary companies listed below are direct or indirect 100% owned, as of 30 November 2006 Subsidiary companies with a * are new in the consolidation of 2006

Legal Name	Country
Pfizer Saidal Manufacturing (70%)	Algeria
Pfizer Pharm Algerie (72%)	Algeria
Pfizer Limitada	Angola
Searle Argentina SRL	Argentina
Pfizer S R L	Argentina
Pfizer Animal Health S A. (79%)	Belgium
Pfizer Manufacturing Belgium NV (81%)	Belgium
Searle Belgium BVBA	Belgium
Pfizer Consumer Healthcare Comm VA (88%)	Belgium
Lothian Developments V SPRL (79%)	Belgium
Pfizer Service Company BVBA	Belgium
Pfizer Distribution Services	Belgium
Pfizer Financial Services NV (79%)	Belgium
Searle Ltd	Bermuda
Pfizer Holdings Bermuda Limited *	Bermuda
Pharmacia Brasil Ltda	Brazil
Laboratorios Pfizer Ltda	Brazil
Pfizer Pharmaceuticals Limited	Cayman Islands
Pharmacia International Trading (Shanghai) Limited	China
Upjohn Suzhou Pharmaceutical Co , Ltd	China
Upjohn Suzhou Animal Health Products Co , Ltd	China
Pfizer Pharmaceutical Wuxi Co , Ltd	China
Pfizer (China) Research and Development Co Ltd	China
Pfizer Investment Co Ltd (formerly, Pharmacia & Upjohn (China) Ltd)	China
Pfizer, S A	Costa Rica
Pfizer Zona Franca, S.A	Costa Rica
Pfizer Croatia d o o	Croatia
Pfizer SRO Czech Republic *	Czech Republic
Pfizer ApS	Denmark
Pfizer Esbjerg A/S	Denmark
Pfizer Denmark PCH Aps *	Denmark
Pfizer Cia Ltda. (94%)	Ecuador
Pfizer Africa & Middle East Company for Pharmaceuticals, Animal Health and Chemicals S A E	Egypt
Pfizer Egypt S.A E	Egypt
Pfizer Middle East for Pharmaceuticals, Animal Health and Chemicals S A E (96%)	Egypt
Pfizer Oy	Finland
Kiinteisto Oy Helsingin Tietokuja	Finland
Kiinteisto oy Espoon Pellavaniementie 14	Finland
Rivepar S A.S (79%)	France
CARDEL (79%)	France
Pfidev4 (S A S) (76%)	France
Pfizer PGRD (S A.S) (79%)	France
Pfizer (S A.S) (79%)	France
Pfizer PGM (S.A S) (79%)	France
Pfidev3 (S A S)	France
Pfizer Holding France (S C A.) (79%)	France
Substantia (S A S) (76%)	France
Capsugel France (76%)	France
Pfizer Sante Grand Public (S C A) (88%)	France
W-L Holding (S C A) (88%)	France
Capsugel Ploermel (94%)	France
Pfizer Services 1 (S N C)	France
Pfizer Services 2 (S N C)	France
Paris Montrouge II SARL (94%)	France

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Legal Name	Country
Pfizer Intl Operations SAS *	France
Pharmacia GmbH (90%)	Germany
Pfizer G m b H (90%)	Germany
Pfizer Holding und Verwaltungs G m b H (95%)	Germany
Pfizer Beteiligungs G m b.H (95%)	Germany
Godecke GmbH (90%)	Germany
PanServ Personalberatungs und Anzeigenservice GmbH (95%)	Germany
Adenylchemie GmbH (90%)	Germany
Warner-Lambert GmbH (95%)	Germany
Godecke OTC Beteiligungs GmbH (90%)	Germany
Parke Davis GmbH (95%)	Germany
Pfizer CHC GmbH (89%)	Germany
Heinrich Mack Nachf G m b H & Co KG (90%)	Germany
Pfizer Consumer Healthcare GmbH (95%)	Germany
Heumann PCS GmbH (90%)	Germany
Pfizer Pharma GmbH (90%)	Germany
Pfizer Deutschland GmbH	Germany
Pfizer Finance GmbH & Co KG	Germany
Pfizer Finance Verwaltungs GmbH	Germany
Pharmacia Diagnostics Verwaltungs GmbH (95%)	Germany
Searle GmbH (95%)	Germany
Swordfish Heimtierbedarf Verwaltungsgesellschaft m b H *	Germany
Swordfish Holding GmbH *	Germany
Pfizer Manufacturing Frankfurt GmbH & Co KG *	Germany
Pfizer Manufacturing Frankfurt Verwaltungs GmbH *	Germany
Pfizer OTC Beteiligungs GmbH *	Germany
CPPI/CV Six (Gibraltar) Limited	Gibraltar
Pfizer Hellas, A E (93%)	Greece
Pfizer Caribe Limited	Guernsey
Pfizer HK Service Company Limited	Hong Kong
Pfizer Corporation Hong Kong Limited	Hong Kong
Pharmacia Asia Limited (81%)	Hong Kong
Pfizer Hungary Asset Management LLC	Hungary
Pfizer Limited (31%)	India
Duchem Laboratories Limited (31%)	India
PT Pfizer Indonesia (98%)	Indonesia
Pfizer Healthcare Ireland	Ireland
Pfizer Export Company	Ireland
Pfizer Distribution Company	Ireland
Pfizer Ireland Ventures	Ireland
Warner-Lambert Ireland	Ireland
Pfizer Ireland Pharmaceuticals	Ireland
Pfizer Pension Trustees (Ireland) Limited	Ireland
Pfizer Science and Technology Ireland Limited	Ireland
Pfizer Consumer Healthcare Ireland (88%)	Ireland
Plaistow Limited	Ireland
Pfizer Holdings Europe	Ireland
Pfizer International Holdings Limited	Ireland
Pfizer Cork Limited	Ireland
Pharmacia Ireland Limited (86%)	Ireland
Pfizer Global Trading	Ireland
Pfizer Fundings International	Ireland
Pfizer Service Company Ireland	Ireland
Pfizer International Bank Europe	Ireland
Pfizer Investment Capital (84%)	Ireland
Pfizer Shared Services	Ireland
Pfizer Dublin Limited	Ireland
Pfizer Finance International Limited	Ireland
Pfizer Holding Ventures (79%)	Ireland
Pfizer Overseas Pharmaceuticals	Ireland
Pfizer Manufacturing Services	Ireland
Prosec (Ireland) Limited (81%)	Ireland

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Legal Name	Country
Pfizer International Portfolio Investments	Ireland
Pfizer Co-Promotions Limited	Isle of Jersey
Parke Davis & Co Limited	Isle of Jersey
Pfizer Ventures Limited	Isle of Jersey
Pfizer Jersey Company Limited	Isle of Jersey
Pfizer Holdings Turkey Limited	Isle of Jersey
Pfizer Jersey Finance Limited	Isle of Jersey
Pfizer Jersey Capital Limited	Isle of Jersey
Pfizer Sterling Investments Limited	Isle of Jersey
Pfizer Pharmaceuticals Jersey Limited *	Isle of Jersey
Pharmacia & Upjohn S p.A (78%)	Italy
Carlo Erba OTC S r L (78%)	Italy
Pfizer Consumer Healthcare S r L (84%)	Italy
Bioindustria Farmaceutici S r l (79%)	Italy
Pfizer Italia S r l (79%)	Italy
Reactine S r L (84%)	Italy
Balverda S R L (79%)	Italy
Pfizer Holding Italy S p.A (79%)	Italy
Sefarma S r l	Italy
Capsugel Japan Inc (KK) (84%)	Japan
Pfizer Consumer Inc (84%)	Japan
Pfizer Japan Inc (84%)	Japan
NPF Y K	Japan
Pfizer Laboratories Limited	Kenya
Pfizer Enterprises SARL	Luxembourg
Pfizer Luxembourg Sarl	Luxembourg
Solinor Invetsments Sarl	Luxembourg
Pfizer International Luxembourg S.A	Luxembourg
Pfizer Luxco Production S.A R L.	Luxembourg
Pfizer Participations SARL	Luxembourg
Pfizer Holdings International Luxembourg (PHIL) Sarl	Luxembourg
Pfizer Shareholdings Intermediate SARL	Luxembourg
Pfizer Luxco Holdings Sarl	Luxembourg
Pfizer Precision Holdings SARL	Luxembourg
ProRe SA	Luxembourg
Pfizer Warner Lambert Luxembourg Sarl	Luxembourg
Pfizer (Malaysia) Snd Bhd	Malaysia
Pfizer, S A de C V	Mexico
Pfizer Holding Mexico, S de R L de C V	Mexico
Pfizer Consumer Health Care México, S de R L de C V	Mexico
Pharmacia & Upjohn SA de CV *	Mexico
Capsugel de Mexico *	Mexico
Pfizer New Zealand Limited (81%)	New Zealand
Pfizer A/S (75%)	Norway
Pharmacia Pakistan (Pvt) Ltd	Pakistan
Parke, Davis & Company Limited (98%)	Pakistan
Pfizer Laboratories Limited (99%)	Pakistan
Pharmacia de Centroamerica S.A (81%)	Panama
Pfizer Corporation	Panama
Pfizer International Corporation	Panama
Pfizer, Inc (94%)	Philippines
Pfizer Polska S p z o o	Poland
Warner Lambert Poland Sp z.o o	Poland
Pfizer Trading Polska sp z.o o	Poland
Pfizer Romania SRL	Romania
Pfizer Afrique de L'Ouest	Senegal
Pfizer Asia Pacific Pte Ltd	Singapore
Pfizer Singapore Trading Pte Ltd	Singapore
Pfizer Asia Manufacturing Pte Ltd *	Singapore
Pfizer Laboratories (Proprietary) Limited	South Africa
Pfizer Pharmaceuticals Korea Limited (92%)	South Korea
Laboratorios Parke Davis, S L. (58%)	Spain
Davis Medica, S L (58%)	Spain
Pfizer Consumer Healthcare S Com p A (88%)	Spain
Nefox Farma, S A. (58%)	Spain

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Legal Name	Country
Vinci Farma, S A (58%)	Spain
Invicta Farma, S.A (58%)	Spain
Nostrum Farma, S A. (58%)	Spain
Pfizer, S A (58%)	Spain
BINESA 2002, S L (58%)	Spain
Laboratonos Visine, S L. (88%)	Spain
Pharmacia Grupo Pfizer, S L (58%)	Spain
Kenfarma, S.A (58%)	Spain
Continental Farmaceutica, S L (58%)	Spain
Pfizer Health AB	Sweden
Pfizer Export AB	Sweden
Pfizer A B	Sweden
Roerig A B	Sweden
Kommanditbolaget Hus Gron (99%)	Sweden
Prosec Forsakrings AB	Sweden
Fyrcia HB	Sweden
Backsvalan 6 HB	Sweden
Pharmacia Holding AB	Sweden
Pharmacia Industrifastigheter AB	Sweden
ACO AB	Sweden
Pfizer Consumer Healthcare Health AB *	Sweden
Pfizer Consumer Healthcare AB	Sweden
Mederio AG	Switzerland
Pfizer A G (91%)	Switzerland
Pharmacia International SARL	Switzerland
Pfizer Limited	Tanzania
Capsugel (Thailand) Co , Ltd (94%)	Thailand
O C T (Thailand) Co , Limited	Thailand
Pfizer Limited	Thailand
Pfizer Animal Health B V (94%)	The Netherlands
Pharmacia B V (94%)	The Netherlands
Pfizer Holdings Netherlands B V	The Netherlands
Jouveinal Holland B V (79%)	The Netherlands
Searle Holdings B V	The Netherlands
Pfizer Consumer Healthcare B V (94%)	The Netherlands
Pfizer Pharmaceuticals B.V	The Netherlands
Pfizer B V (94%)	The Netherlands
Pfizer Holdings B V	The Netherlands
Pfizer Global Holdings B V	The Netherlands
Pfizer Holland Pharmaceuticals B V (90%)	The Netherlands
Roerig B V (94%)	The Netherlands
Paris Montrouge (II) Nederland B V (94%)	The Netherlands
Pfizer OTC BV *	The Netherlands
Pharmacia International B V (81%)	The Netherlands
Pfizer Asia Holdings BV *	The Netherlands
Searle Holdings BV	The Netherlands
Pfizer Pharmaceuticals Tunisie Sarl	Tunisia
Pfizer Tunisie SA (56%)	Tunisia
Pfizer Ilaclari Limited Sirketi	Turkey
Warner Lambert Ilac Sanayi ve Ticaret Limited Sirketi	Turkey
Pharmacia Ilac Sanayi ve Ticaret Limited Sirketi	Turkey
Pfizer Limited	Uganda
MTG Divestitures Limited	United Kingdom
Pfizer Medical Technology Group Limited	United Kingdom
Pfizer UK Group Limited	United Kingdom
Pfizer Group Limited	United Kingdom
Unicliffe Limited (88%)	United Kingdom
Pfizer Limited	United Kingdom
Pfizer Technologies Ltd	United Kingdom
W-L (Spain) (66%)	United Kingdom
Warner Lambert (UK) Limited	United Kingdom
Pfizer Consumer Health Products Company (88%)	United Kingdom
Pfizer Consumer Healthcare (89%)	United Kingdom
W-L (Europe) (77%)	United Kingdom
Meridica Limited	United Kingdom

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Legal Name	Country
Pfizer Pension Trustees Ltd	United Kingdom
Viagra Ltd	United Kingdom
Pharmacia Europe EEIG	United Kingdom
Warner Lambert del Uruguay S.A (94%)	Uruguay
Pfizer Services LLC	USA
Pfizer Venezuela, S A (83%)	Venezuela
Roerig, S A	Venezuela

Between 1 December 2005 and 30 November 2006, the following companies were sold, dissolved or merged

Legal Name	Country
Selskabet at 24 September 2004 A/S	Denmark
Bioptics Sarl (79%)	France
Heumann Beteiligungs GmbH	Germany
Pfizer Century Holdings	Ireland
Pfizer Holdings Ireland	Ireland
Pfizer Commercial Holdings Limited	Isle of Man
Pfizer Pharmaceuticals Production Corporation Limited	Isle of Man
Pharmacia Italia S p A.	Italy
SOPACO S R L.	Italy
Pharmacia S p A.	Italy
Pfizer Servicios de Mexico, S A de C V	Mexico
Pfizer Antilles Holdings NV	Netherlands
Pharmacia Animal Health AB	Sweden
Pharmacia & Upjohn AG	Switzerland
Lambert Chemical Company Limited	United Kingdom

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PARTNERSHIP BALANCE SHEET AS AT 30 NOVEMBER 2006

(after appropriation of results for the year)

(USD'000)	Note	30 November 2006	30 November 2005
Fixed assets			
Intangible fixed assets	32	3 843 161	5 517 855
Financial fixed assets	33	45 302 733	45 507 579
		49 145 894	51 025 434
Current assets			
Receivables	34	4 396 470	1 976 368
Cash and banks		492	750
		4 396 962	1 977 118
TOTAL ASSETS		**53 542 856**	**53 002 552**
Partners Capital Accounts	35	35 249 098	16 739 280
Provision for subsidiaries	36	2 111 559	8 096 049
Current liabilities	37	16 182 199	28 167 223
TOTAL LIABILITIES		**53 542 856**	**53 002 552**

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PARTNERSHIP STATEMENT OF INCOME FOR THE PERIOD 1 DECEMBER 2005 UNTIL 30 NOVEMBER 2006

(USD'000)	2005/ 2006	2004/ 2005
Result of C P Pharmaceuticals International C V after tax	(267 493)	871 024
Result of subsidiaries after tax	6 884 149	6 016 199
Net profit for the period	**6 616 656**	**6 887 223**

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NOTES TO THE PARTNERSHIP ANNUAL ACCOUNTS

30. General

Under the exemption provided by Article 402 of Title 9 of Book 2 of the Civil Code, the Partnership has used the abbreviated form of the parent company statement of income

31. Summary of significant accounting policies

The assets and liabilities are stated using the same accounting principles as disclosed in the notes to the consolidated annual accounts for the year ended 30 November 2006

32. Intangible fixed assets

(USD'000)	Goodwill
At cost	
Balance beginning of year	8 373 469
Balance end of year	8 373 469
Accumulated amortization	
Balance beginning of year	2 855 614
Depreciation for the year	1 674 694
Balance end of year	4 530 308
Net book value as at 30 November 2006	**3 843 161**
Net book value as at 30 November 2005	**5 517 855**
Depreciation in %	20

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33. Financial fixed assets

	30 November 2006	30 November 2005
(USD'000)		
Participations stated at net equity	274 420	417 954
Participations stated at cost	599 000	599 000
Subsidiaries	15 930 852	12 863 645
Long term loans to subsidiaries	28 498 461	31 626 980
	45 302 733	**45 507 579**

The movement is as follows

	Participations stated at net equity	Participations stated at cost	Subsidiaries	Long term loans to subsidiaries	Total
(USD'000)					
Beginning balance	417 954	599 000	12 863 645	31 626 980	45 507 579
Additions	-	-	2 681 196	13 766 817	16 448 013
Share in result	(142 518)		6 884 149	-	6 741 631
Dividends received		-	(8 859 963)	-	(8 859 963)
Capital contribution	-	-	9 882 869	-	9 882 869
Repayment of capital	-	-	(2 557 306)	-	(2 557 306)
Accrued interest	-	-	-	2 041 345	2 041 345
Repayment of loan and accrued interest	-	-	-	(19 985 635)	(19 985 635)
FAS 158 adjustment	-	-	(591 440)	-	(591 440)
Movement of loan provision		-	(1 048 954)	1 048 954	-
Movement of provision	-	-	(5 984 490)	-	(5 984 490)
Currency translation difference	-	-	2 601 733	-	2 601 733
Disposals	(1 016)		-	-	(1 016)
Other	-	-	59 413	-	59 413
Ending balance	**274 420**	**599 000**	**15 930 852**	**28 498 461**	**45 302 733**

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Long term loans to subsidiaries

In 1998 a loan with a principal amount of USD 17 billion was provided to a subsidiary. The interest rate applied amounts to 7% The loan matures on 14 January 2008 There may be repayments without premium or penalty, for all or part of the principal at any time Until 2005 USD 14 7 billion was repaid There were no repayments made during 2006

In November 2000 another loan with a principal amount of USD 9 billion was provided to a subsidiary. This loan matured on 30 November 2005 and the interest rate is fixed at 7% Until 2004 USD 1 9 billion was repaid The repayment in 2005 was USD 646 million This loan was extended until 1 March 2006 This loan has been repaid in full during 2006

In March 2003 another loan with a principal amount of USD 3 billion was provided to a subsidiary with a fixed interest rate of 6 17% This loan was repaid in full on 1 March 2006

In July 2004 another loan with a principal amount of USD 19 billion was provided to a subsidiary This loan matures on 13 July 2014 and the interest rate is fixed at 4 93% The repayment in 2006 was USD 1 6 billion

In November 2005 another loan with a principal amount of USD 5 billion was provided to a subsidiary This loan matures on November 22, 2015 and the interest rate is fixed at 4 97% This loan has been repaid in full during 2006

In November 2005 another loan with a principal amount of USD 1 billion was provided to a subsidiary This loan matures on November 22, 2015 No interest shall accrue on this loan This loan has been repaid in full during 2006

In March 2006 another loan with a principal amount of USD 11 billion was provided to a subsidiary This loan matures on February 28 2016 and the interest rate is fixed at 8 04%

In March 2006 another loan with a principal amount of USD 2 billion was provided to a subsidiary This loan matures on 13 July 2014 No interest shall accrue on this loan

In March 2006 another loan with a principal amount of USD 538 million was provided to a subsidiary This loan matures on 22 December 2015 and the interest rate is fixed at 5 03%

In March 2006 another loan with a principal amount of USD 150 million was provided to a subsidiary This loan matures on 22 December 2015 No interest shall accrue on this loan

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34. Receivables

	30 November 2006	30 November 2005
(USD'000)		
Loans receivable from subsidiaries and affiliated companies	3 042 317	692 160
Short term loans and investments	203 806	194 095
Other receivables and prepaid expenses	1 150 347	1 090 113
	4 396 470	**1 976 368**

The majority of the receivables are due within one year

35. Partners Capital Accounts

Partners and their percentage of interest

	30 November 2006	30 November 2005
General Partners		
Pfizer Manufacturing LLC	11 5702%	14 1978%
Pfizer Production LLC	0 3661%	0 4492%
Limited Partners	88 0638%	85 3530%

The movement in Partners capital accounts is as follows

	2005/ 2006	2004/ 2005
(USD'000)		
Net capital account beginning of the year	16 739 280	49 658 763
Contribution in kind	9 882 869	-
Repayment of capital	-	(39 019 693)
Currency translation difference	2 601 733	(835 920)
Net result	6 616 656	6 887 223
Minimum pension liability adjustment	-	48 907
FAS 158 adjustment (net of tax)	(591 440)	-
Net capital account end of year	**35 249 098**	**16 739 280**

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The difference between the Partners capital accounts according to the consolidated balance sheet as at 30 November 2006 and the Partnership balance sheet as of that date can be explained as follows

(USD'000)	2005/ 2006
Partners capital accounts, consolidated balance sheet	34 810 404
Realized profit on sale of subsidiaries within the C P Pharmaceuticals International C V -group	438 694
Partners capital accounts, partnership balance sheet	35 249 098

36. Provision for subsidiaries

(USD'000)	2005/ 2006	2004/ 2005
Balance beginning of year	8 096 049	6 827 108
Movement provisions for subsidiaries	(5 984 490)	1 268 941
Balance end of year	**2 111 559**	**8 096 049**

37. Current liabilities

(USD'000)	30 November 2006	30 November 2005
Accounts payable to subsidiaries and affiliated companies	16 179 012	28 167 164
Other accounts payable and accrued expenses	3 187	59
	16 182 199	**28 167 223**

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38. Tax

According to the obtained tax ruling of June 28, 2001, CPPI CV is considered transparent for Dutch tax purposes and as such not subject to Dutch corporate income tax of dividend withholding tax.

The tax ruling was officially valid up to and including December 31, 2005 A new ruling is under negotiation with the tax authorities. The current tax ruling is used for calculation of the tax charge 2005/2006.

39. Remuneration General Partners

In 2006 the General Partners did not receive any remuneration.

21 November 2007

General Partners

Pfizer Manufacturing LLC

Pfizer Production LLC

PHILIP M. KERSTEIN

All Partners have confirmed their approval and discharge of the General Partners from liability

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OTHER INFORMATION

Provisions in the Partnership's Association Agreement for the appropriation of results

Article 14 1 of the Partnership's Association Agreement states that the profit shall be allocated to and can (subject to section 14 2) be withdrawn by the Partners pro rata to their respective Percentage Interests Section 14 shall not apply in the event of a withdrawal of a Partner from the Partnership

Article 14 2 Withdrawals of profits by the Partners shall be made by all (but not less than all) of the Partners and only if authorized by (i) Limited Partner(s) holding at least fifty percent (50%) of the votes allocable to the Limited Partner(s), (ii) the General Partner holding at least fifty percent (50%) of the votes allocable to the General Partner, and (iii) if there is more than one General Partner, the Central Management Board, all acting in an exercise of their good faith discretion with regard to the financial advisability of such withdrawals at the time

Article 14 3 Losses, if any, shall first be borne by each Limited Partner separately in proportion to such Limited Partner's Percentage Interest and be deducted from the Capital Account of such Limited Partner until the amount of the Limited Partner's Capital Account is zero. Losses that remain after the application of the provision in the previous sentence shall lead to negative Capital Accounts of the General Partners who will equally divide the remaining losses.

Article 14 4 Any negative Capital Accounts of a General Partner must have been fully restored by allocations of profits before any Partners, Limited Partners and other General Partners, are entitled to any allocations to their Capital Accounts pursuant to Section 14 1 of profits that have been gained in later financial years

Appropriation of results for the year

The net profit shall be allocated to the Partners Capital Accounts.

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Post-balance sheet events

On December 20 2006, Pfizer Inc closed the sale of its Pfizer Consumer Healthcare Business (PCH) to Johnson & Johnson for USD16 6 billion or about USD 13 5 billion in after tax proceeds

Of the total proceeds, USD 7 3 billion has been attributed to the partnership The net book value of the assets and liabilities which could be assigned to the PCH business as per year end was USD 3 3 billion

The profit before taxes on the sale is USD 4 billion

The following amounts in 2005/2006 related to the consolidated income statement could be assigned to the PCH business net sales USD 1 4 billion, total expenses USD 1 2 billion, net income USD 211 million and income taxes USD 62 million

On January 22, 2007 Pfizer Inc announced a plan to fundamentally change the way it ran its business to meet the challenges of a changing business environment and take advantage of the diverse opportunities in the marketplace Pfizer intends to generate cost savings through site rationalization in research and manufacturing, reduction in sales force, streamlined organizational structures, staff function reductions and increased outsourcing and procurement savings. These cost reduction initiatives will result in the elimination of about 2,300 positions by the end of 2008 It is estimated that these initiatives will cost approximately USD 2 billion between 2007 and 2009

Net of various cost increases and investments during the period, by the end of 2007, selling, informational and administrative expenses are expected to decrease pre-tax components of adjusted income by USD 500 million compared with 2005/2006

On October 18, 2007 Pfizer Inc announced that it had decided to cease the manufacture and marketing of Exubera, an inhaled insulin product used to treat diabetes This was because the product failed to gain sufficient acceptance by patients and physicians and Pfizer decided that further investment in it was not warranted This has a negative effect on the profit before tax in the year 2006/2007 for an amount of approximately USD 1 8 billion, which is mainly caused by impairment of intangibles and the write off on inventories

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To C P Pharmaceuticals International C V

Auditor's report

Report on the annual accounts

We have audited the accompanying annual accounts for the year ended 30 November 2006 of C P Pharmaceuticals International C V, Rotterdam, which comprise the consolidated and company balance sheet as at 30 November 2006, the consolidated and company profit and loss account for the year then ended and the notes

Management's responsibility

Management is responsible for the preparation and fair presentation of the annual accounts and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

Auditor's responsibility

Our responsibility is to express an opinion on the annual report based on our audit We conducted our audit in accordance with Dutch law This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

KPMG

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of C P Pharmaceuticals International C V as at 30 November 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2 393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the annual accounts as required by 2 391 sub 4 of the Netherlands Civil Code

Rotterdam, 21 November 2007

KPMG ACCOUNTANTS N V

P B Maris RA