

Neusentis Limited

Directors' report and
Financial statements

Year ended 30 November 2014

Registered number 03443383



Neusentis Limited

Directors' report and financial statements

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Neusentis Limited

Directors and other information

Directors

CM Seller
IE Franklin
RA Coles
H Nordkamp
D Reynolds

Registered office

c/o Pfizer Limited
Ramsgate Road
Sandwich
Kent
CT13 9NJ

Independent auditor

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Registered number

03443383

Neusentis Limited

Strategic report

Business review

The audited financial statements for the year ended 30 November 2014 are set out on pages 8 to 18.

The company generated an after tax profit of £2,470,895 (2013: £9,637,471) and no dividends were declared in 2014 (2013: £15,000,000). The retained profit for the year of £2,470,895 (2013: £9,637,471) has been transferred to reserves.

The profit and loss account and balance sheet for the year are set out on pages 10 and 11 respectively. The reduction in turnover during the year was due to loss of exclusivity impacting product sales and related royalties in various international territories. Taking this factor into account, 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 2015. 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. 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.

Principal risks and uncertainties

The principal risks and uncertainties for the company derive from the development, performance and position of the Pfizer Inc. group (of which the company is a part). During the year the principal factors which could cause risk and uncertainty for the Pfizer Inc. group included:

- The success of research and development activities.
- Decisions by 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 the impact on Pfizer's competitive position of new product entrants, in-line branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by Pfizer's in-line products and product 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 and competitor products.
- The impact of existing and future legislation and regulatory provisions on product exclusivity.
- Trends toward managed care and health care cost containment.
- Legislation or regulatory action affecting, amongst other things, pharmaceutical 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.

Neusentis Limited

Strategic report (*continued*)

Principal risks and uncertainties (*continued*)

- The significant breakdown, infiltration or interruption of Pfizer's information technology systems and infrastructure.
- Legal defence costs, insurance expenses, settlement costs and the risk of an 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.
- Governmental laws and regulations affecting operations, including tax obligations.
- Changes in generally accepted accounting principles.
- General economic, political, business, industry, regulatory and market conditions including, without limitation, any impact on Pfizer, its lenders, its customers, its suppliers and counterparties to its foreign-exchange and interest-rate agreements from weak global economic conditions and changes in global financial markets.
- Any changes in business, political and economic conditions due to actual or threatened 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.

By order of the board



IE Franklin

Director

23rd July 2015

Neusentis Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 30 November 2014.

A review of the performance of the company's business during the year, the principal risks and uncertainties facing the company and its future prospects is included in the Strategic report, set out on pages 2 to 3, which should be read in conjunction with the Directors' report.

Financial instruments

The overall objective of Pfizer's financial risk management programme is to seek to minimise the impact of foreign exchange rate movements and interest rate movements on its earnings. These financial exposures are managed through operational means and by using various financial instruments. These practices may change as economic conditions change.

Directors and directors' interests

The directors, who held office from 1 December 2013 to the date of this report, unless otherwise noted, were:

CM Seller	
IE Franklin	
RM McKernan	(resigned 10 April 2015)
RA Coles	
JC Emms	(resigned 31 January 2015)
H Nordkamp	(appointed 25 February 2015)
D Reynolds	(appointed 22 April 2015)

Auditor

The directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

The company's auditor is KPMG LLP, UK.

Political contributions

No political donations were made during the year (2013: £nil).

By order of the board



IE Franklin
Director
Ramsgate Road
Sandwich
Kent
CT13 9NJ

23rd July 2015

Neusentis Limited

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Neusentis Limited

We have audited the financial statements of Neusentis Limited for the year ended 30 November 2014 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Neusentis Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

George Richards

George Richards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
Date: 23rd July 2015

Neusentis Limited

Statement of accounting policies *for the year ended 30 November 2014*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

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 consolidates the company's financial statements in its own published consolidated financial statements.

Going concern

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence in the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date 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.

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. The company does not use hedge accounting or account for derivatives at fair value.

Turnover

Turnover represents the amount (excluding value added tax) derived from royalty agreements with other members of the Pfizer worldwide group and is recognised on related actual product sales.

Neusentis Limited

Statement of accounting policies (*continued*) *for the year ended 30 November 2014*

Taxation

The charge for taxation is based on the profit for the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing 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.

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.

Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at their cost. They are amortised to nil by equal annual instalments over their useful economic lives, of not more than 20 years based on directors' estimates, after making any required provisions for impairment.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Neusentis Limited

Profit and loss account for the year ended 30 November 2014

	<i>Notes</i>	2014 £'000	2013 £'000
Turnover	<i>1</i>	3,090	12,079
Profit on ordinary activities before interest	<i>2</i>	3,090	12,079
Net interest receivable and similar income	<i>5</i>	62	493
Profit on ordinary activities before taxation		3,152	12,572
Tax on profit on ordinary activities	<i>6</i>	(681)	(2,935)
Profit on ordinary activities after taxation		2,471	9,637

The notes on pages 13 to 18 and the accounting policies on pages 8 to 9 form part of the financial statements.

There are no recognised gains or losses other than those reported in the profit and loss account for each year and accordingly no statement of total recognised gains and losses is presented.

All activities are derived from continuing operations.

Neusentis Limited

Balance sheet at 30 November 2014

Registered Number: 03443383

	<i>Notes</i>	2014 £'000	2013 £'000
Fixed assets			
Intangible fixed assets	8	-	-
Current assets			
Debtors	9	126,929	125,385
Creditors: amounts falling due within one year	10	(121,670)	(122,597)
Net current assets		5,259	2,788
Net assets		5,259	2,788
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	5,258	2,787
Shareholders' funds		5,259	2,788

The notes on pages 13 to 18 and the accounting policies on pages 8 to 9 form part of the financial statements.

These financial statements were approved by the board of directors and were signed on its behalf on 23rd July 2015 by:



IE Franklin
Director

Neusentis Limited

Reconciliation of movements in shareholders' funds for the year ended 30 November 2014

	<i>Notes</i>	2014 £'000	2013 £'000
Opening shareholders' funds		2,788	8,151
Profit for the year		2,470	9,637
Dividends declared	7	-	(15,000)
Closing shareholders' funds		5,258	2,788

The notes on pages 13 to 18 and the accounting policies on pages 8 to 9 form part of the financial statements.

Neusentis Limited

Notes

forming part of the financial statements

1 Segmental analysis

All turnover, profit before taxation and net assets relate to the company's principal activity, the development and exploitation of pharmaceutical intellectual property.

	2014 £'000	2013 £'000
Turnover	3,090	12,079

2 Profit on ordinary activities before interest

Auditor's remuneration for the audit of these financial statements is borne without recourse by Pfizer Limited, a fellow group undertaking. In 2014 these fees amounted to £12,000 (2013: £12,000).

3 Directors' remuneration and emoluments

None of the directors received emoluments or accrued retirement benefits in respect of qualifying services they provided to the company in 2014 (2013: nil).

Five of the directors received shares under long term incentive schemes (2013: seven) and three of the directors exercised share options in the ultimate holding company Pfizer Inc. during the period (2013: five).

4 Staff numbers and costs

The company did not employ any staff during either the current or previous year.

Neusentis Limited

Notes

forming part of the financial statements (continued)

5 Net interest receivable and similar income

	2014 £'000	2013 £'000
Foreign exchange gain - net	62	493
	<u>62</u>	<u>493</u>

6 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
UK corporation tax charge on profits for the period at 21.66% (2013: 23.33%)	683	2,933
Adjustment in respect of previous periods	(2)	2
	<u>681</u>	<u>2,935</u>

The tax charge for the period is in line (2013: *different*) with the standard rate of corporation tax in the UK of 21.66% (2013: 23.33%).

The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	3,152	12,572
Tax at standard UK tax rate of 21.66% (2013: 23.33%)	683	2,933
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	1
Effects of other tax rates/ credits	-	(1)
Adjustments to tax charge in respect of previous periods	(2)	2
Current and total tax charge for the year	<u>681</u>	<u>2,935</u>

Neusentis Limited

Notes

forming part of the financial statements (continued)

6 Tax on profit on ordinary activities (continued)

The 2013 budget announced that the UK corporation tax rate would reduce to 20% by 2015. Reductions in the rate to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions in the rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future tax charge accordingly. The 2015 budget on 18 March 2015 did not announce any further changes to the UK corporation tax rate.

7 Dividends

	2014 £'000	2013 £'000
<i>Equity shares:</i>		
Dividend declared for the year ended 30 November 2014 of £nil (2013: £15,000) per share	-	15,000

8 Intangible fixed assets

	Intellectual Property Rights £'000
<i>Cost</i>	
At beginning and end of year	112,000
<i>Amortisation</i>	
At beginning of year and end of year	112,000
<i>Net book value</i>	
At 30 November 2014	-
At 30 November 2013	-

Neusentis Limited

Notes

forming part of the financial statements (continued)

8 Intangible fixed assets (continued)

The company holds certain intellectual property rights which it purchased at the market value of £112,000,000 from Parke Davis & Co Limited, a fellow Pfizer Inc. group company, on 26 October 2001.

The company also holds other intellectual property rights which were assigned to it by its immediate parent company for nominal consideration.

9 Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts due from group undertakings	126,929	125,385

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

All debtors fall due within one year.

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Amounts due to group undertakings	118,054	108,390
Corporation tax payable	683	2,935
Tax intercompany group relief creditor	2,933	11,272
	121,670	122,597

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Neusentis Limited

Notes

forming part of the financial statements (continued)

11 Called up share capital

	2014 £'000	2013 £'000
<i>Allotted, called up and fully paid</i>		
Equity: 1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

12 Reserves

	Profit and loss account £'000
At beginning of year	2,787
Profit for the year	2,471
	<u>5,258</u>
At end of year	<u>5,258</u>

13 Derivatives not included at fair value

The company has derivatives which are not included at fair value in the accounts:

	Fair value asset/ (liability)	
	2014 £'000	2013 £'000
Forward foreign exchange contracts	<u>-</u>	<u>47</u>

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. The fair values of these contracts are based on market values of equivalent instruments at the balance sheet date.

14 Related party disclosures

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

The company has taken advantage of the exemption in FRS 8: *Related Party Disclosures* from the requirement to disclose details of transactions with wholly owned group undertakings. Other than any transactions with related group undertakings there were no other related party transactions.

Neusentis Limited

Notes

forming part of the financial statements (continued)

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

Neusentis Limited is part of the world-wide group of companies whose ultimate parent is Pfizer Inc., a company incorporated in the State of Delaware, 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 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., Coolensingel 93, 3012 AE Rotterdam, Holland whose accounts are publicly available from the Chamber of Commerce, PO Box 450, 3001 AL Rotterdam, Holland.