

Pfizer Technologies Limited

**Directors' report and financial
statements**

Registered Number 3443383

30 November 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2001.

Principal activities

The principal activity of the company is the development and exploitation of pharmaceutical intellectual property.

Results and dividends

The audited financial statements for the year ended 30 November 2001 are set out on pages 4 to 12.

The company generated an after tax profit of £118,286,000 (2000: £101,211,000). The directors do not propose a final dividend (2000: £110,180,000). The retained profit for the year will be transferred to reserves.

Business review

The level of activity was satisfactory and the directors anticipate that this will continue in 2002.

On 26 October 2001, the company purchased certain intellectual property rights at market value from Parke Davis & Co Limited, a fellow Pfizer Inc. group company (see note 10).

Directors and directors' interests

The directors who served during the year were as follows:

TGR Audley
T Bentley (resigned 31 May 2001)
K Fletcher
PC Coe (resigned 30 November 2001)
ME Jones
D McGibney (resigned 1 March 2001)
I Robinson
D Doogan (appointed 1 May 2001)

I Robinson resigned as a director on 5 February 2002 and ME Jones resigned as a director on 30 June 2002.

R Stone, TRJ Tiivola, VM Marshall and S Eccles were appointed as directors on 20 May 2002, 21 May 2002, 7 August 2002 and 16 August 2002 respectively.

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

Auditors

KPMG were reappointed as auditors for the year ending 30 November 2001. However, since that date their audit practice was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 14 June 2002 and KPMG LLP were thereupon appointed to fill the vacancy arising. Pursuant to a shareholders' resolution, KPMG LLP will continue in office as auditors.

By order of the board

TGR Audley
Director

Ramsgate Road
Sandwich
Kent
CT13 9NJ

27 AUGUST 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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United Kingdom

Independent auditors' report to the members of Pfizer Technologies Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kpmg LLP

KPMG LLP
*Chartered Accountants
Registered Auditors*

27 August 2002

Profit and loss account
for the year ended 30 November 2001

		2001	2000
		£000	£000
Turnover	2	203,616	175,165
Net operating costs	3	(34,467)	(29,362)
		<hr/>	<hr/>
Operating profit		169,149	145,803
Other interest receivable and similar income	7	29	-
Interest payable and similar charges	8	-	(242)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		169,178	145,561
Tax on profit on ordinary activities	9	(50,892)	(44,350)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		118,286	101,211
		-	
Dividend on equity shares			(110,180)
		<hr/>	<hr/>
Retained profit/(loss)		118,286	(8,969)
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit for the year. All items relate to continuing operations.

Balance sheet
at 30 November 2001

	<i>Note</i>	2001 £000	2000 £000
Fixed assets			
Intangible assets	<i>10</i>	110,933	-
Current assets			
Debtors	<i>11</i>	112,509	100,907
Creditors: amounts falling due within one year	<i>12</i>	(44,226)	(39,977)
Net assets		179,216	60,930
Capital and reserves			
Called up share capital	<i>14</i>	1	1
Profit and loss account	<i>15</i>	179,215	60,929
Shareholders' funds		179,216	60,930

These financial statements were approved by the board of directors on *27 August 2002* and were signed on its behalf by:


TGR Audley
Director

Reconciliation of movements in shareholders' funds
for the year ended 30 November 2001

	2001 £000	2000 £000
Profit for the year	118,286	101,211
Dividends	-	(110,180)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	118,286	(8,969)
Opening shareholders' funds	60,930	69,899
	<hr/>	<hr/>
Closing shareholders' funds	179,216	60,930
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

The following new accounting standards have become effective for the first time this year and have been adopted by the Company;

FRS 17 Retirement Benefits: The adoption of this new standard has had no effect on the Company.

FRS 18 Accounting Policies: FRS 18 requires the directors to adopt the most appropriate accounting policies having regard to factors including normal industry practice and comparability with other entities in the same sector. The directors have considered the existing accounting policies of the Company in the light of the new requirement and have concluded that no changes are needed.

In addition FRS 19 Deferred Tax is applicable for accounting periods ending on or after 23 January 2002. It requires full provision to be made for deferred tax assets and liabilities. The Company will implement the standard in its 2002 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

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.

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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from royalty agreements with other members of the Pfizer worldwide group.

Taxation

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

Notes (continued)

Intangible Assets

Purchased intangible assets are capitalised and amortised over their useful economic lives, of not more than 20 years based on directors' estimates.

2 Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit before taxation derive from the company's principal activity, the development and exploitation of pharmaceutical intellectual property.

	USA		Rest of the World		Total	
	2001	2000	2001	2000	2001	2000
	£000	£000	£000	£000	£000	£000
Turnover	185,019	111,947	18,597	63,218	203,616	175,165

3 Net operating costs

	2001	2000
	£000	£000
Royalty expense	28,196	23,726
Research costs	5,204	5,636
Amortisation of intangible fixed assets	1,067	-
	<u>34,467</u>	<u>29,362</u>

4 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the immediate parent company, Pfizer Limited.

5 Remuneration of directors

None of the directors received any emoluments or became entitled to benefits of any kind for the services they provided to the company in either 2001 or 2000. During the year, five directors exercised options over shares in the ultimate parent company (2000: one).

6 Staff numbers and costs

The company did not employ any staff during the period.

Notes (continued)

7 Other interest receivable and similar income

	2001	2000
	£000	£000
Interest receivable	29	-

8 Interest payable and similar charges

	2001	2000
	£000	£000
Interest payable	-	242

9 Taxation

	2001	2000
	£000	£000
UK corporation tax at 30% (2000: 30%)	51,337	44,363
Adjustment relating to an earlier year	(445)	(13)
	50,892	44,350

Notes (continued)

10 Intangible assets

	Intellectual Property Rights £000
Cost:	
At beginning of year	-
Additions	112,000
	<hr/>
At end of year	112,000
	<hr/>
Amortisation:	
At beginning of year	-
Charge for year	1,067
	<hr/>
At end of year	1,067
	<hr/>
Net book value:	
At 30 November 2001	110,933
	<hr/>
At 30 November 2000	-
	<hr/>

The company holds certain intellectual property rights which it purchased at 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.

11 Debtors

	2001 £000	2000 £000
Amounts due from group undertakings	112,509	100,907
	<hr/>	<hr/>

Notes (continued)

12 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Royalties payable	12,257	11,403
Amounts due to group undertakings	159	1,004
Other creditors including taxation and social security		
UK Corporation Tax	31,810	27,506
Accruals	-	64
	<hr/> 44,226 <hr/>	<hr/> 39,977 <hr/>

13 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below:

(Asset)/ liability	2001		2000	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Other timing differences	-	(3,677)	-	(3,020)

14 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	1	1
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	1	1

Notes (continued)

15 Reserves

	Profit and loss account £000
At beginning of year	60,929
Retained profit for the year	118,286
	<hr/>
At end of year	179,215
	<hr/>

16 Related party disclosures

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

Pfizer Technologies Limited, a wholly owned subsidiary of Pfizer Limited, has taken advantage of the exemption provided in FRS8 under which transactions or balances with entities forming part of a group (or investees of a group qualifying as related parties) do not require disclosure.

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

Pfizer Technologies Limited is part of the world-wide group of companies whose ultimate parent company is Pfizer Inc., incorporated in the USA. Copies of the ultimate parent company's financial statements may be obtained from Pfizer Inc., 235 East 42nd Street, New York, NY10017 USA.

The immediate holding company is Pfizer Limited, which is incorporated in Great Britain and registered in England and Wales.

On 25 October 2001, Pfizer Group Limited, previously the ultimate UK parent company, was transferred together with all of its subsidiaries, to the ownership of Pfizer UK Group Limited, which is incorporated in Great Britain and registered in England and Wales. This is the smallest group in which the results of the company are consolidated.