

Thiakis Limited

Directors' report and financial statements

Registered Number 05148298

Year ended 30 November 2010



Thiakis Limited

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Thiakis Limited

Directors and other information

Directors	M J O'Callaghan P Rao A L Verrinder A J Nel L P Jones
Registered office	Ramsgate Road Sandwich Kent CT13 9NJ
Independent auditors	KPMG LLP Chartered Accountants 15 Canada Square London, E14 5GL
Registered number	05148298

Thiakis Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2010

Principal activity

The principal activity of the company is the research and development of medicines

Results and dividends

The company generated an after tax loss of £30,198,100 (*as restated 2009-loss £13,883,055*) No dividends were declared in 2010 (*2009- nil*)

Political and charitable contributions

The company made no political or charitable contributions during the year (2009 £Nil)

Directors

The directors who held office from 1 December 2009 were

B J M Holgate (resigned 5 April 2010)

M J O'Callaghan

P Rao

P M Christensen (resigned 25 February 2010)

B Schneider (resigned 26 February 2010)

N Sisak (resigned 19 February 2010)

R Smith (resigned 19 February 2010)

A L Verrinder (appointed 22 March 2010)

A J Nel (appointed 15 March 2010)

L P Jones (appointed 19 July 2010)

Provision of information to auditors

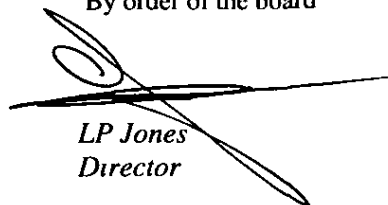
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's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

The company's auditors are KPMG, LLP

Small company provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

By order of the board



LP Jones
Director

Date 26/8/11

Thiakis Limited

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

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

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Thiakis Limited

We have audited the financial statements of Thiakis Limited for the year ended 30 November 2010 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Thiakis 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



Adrian Collier (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL

26 AUGUST 2011

Thiakis Limited

Profit and Loss Account for the year ended 30 November 2010

	<i>Note</i>	2010 £	As Restated 2009 £
Turnover		-	3,000,000
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	3,000,000
Administrative expenses		(30,198,100)	(16,886,647)
		<hr/>	<hr/>
Operating loss	3	(30,198,100)	(13,886,647)
		<hr/>	<hr/>
Interest receivable		-	3,642
Interest payable	6	-	(50)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(30,198,100)	(13,883,055)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
Loss for the financial year	12	(30,198,100)	(13,883,055)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations

Notes on pages 9 to 20 form part of the financial statements

Thiakis Limited

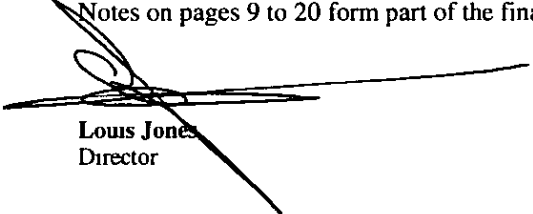
Balance Sheet at 30 November 2010

Registered Number 05148298

	Note	2010 £	As Restated 2009 £
Fixed assets			
Tangible assets	8	-	-
Current assets			
Debtors	9	56,085	63,247
		<u>56,085</u>	<u>63,247</u>
Creditors: amounts falling due within one year	10	(42,269,152)	(12,078,214)
Net current (liabilities)		<u>(42,213,067)</u>	<u>(12,014,967)</u>
Net Liabilities		<u>(42,213,067)</u>	<u>(12,014,967)</u>
Capital and reserves			
Called up share capital	11	16,389	16,389
Share premium account	12	10,137,364	10,137,364
Profit and loss account	12	(52,366,820)	(22,168,720)
Total equity shareholder's funds / (deficit)		<u>(42,213,067)</u>	<u>(12,014,967)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 August 2011

Notes on pages 9 to 20 form part of the financial statements


Louis Jones
Director

Thiakis Limited

Statement of total recognised gains and losses for the year ended 30 November 2010

	2010 £	As Restated 2009 £
Loss for the financial year	(30,198,100)	(13,883,055)
Prior year adjustment (see note 2)	1,619,719	
Total gains and losses recognised since last annual report	<u>(28,578,381)</u>	<u></u>

Reconciliation of movements in shareholders' funds for the year ended 30 November 2010

	2010 £	As Restated 2009 £
1 December 2008 as originally stated		(8,920,719)
Prior year adjustment (see note 2)		10,770,030
Opening shareholders' deficit as restated	(12,014,967)	1,849,311
Loss for the financial year	(30,198,100)	(13,883,055)
Shares issued during the period	-	395
Share premium on shares issued (net of expenses)	-	18,382
Closing shareholders' deficit	<u>(42,213,067)</u>	<u>(12,014,967)</u>

Notes on pages 9 to 20 form part of the financial statements

Thiakis Limited

Notes

forming part of the financial statements

1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Going concern

The financial statements have been prepared on a going concern basis as the Company has entered into a financial arrangement with a fellow group undertaking to provide financial support for the foreseeable future. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing its reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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, as promulgated by the Institute of Chartered Accountants in the United Kingdom.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group and the consolidated financial statements in which those subsidiary undertakings are included are publicly available.

Turnover

Amounts receivable in respect of patent licence agreements are recognised as turnover when the specific conditions stipulated within the agreements have been satisfied.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

All other income is recognised in the financial statements when the services are supplied, exclusive of Value Added Tax and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost net of depreciation. Tangible fixed assets are depreciated by reference to cost or valuation, at rates estimated to write off the cost of the relevant assets less residual value, by equal instalments over their estimated useful lives.

Office equipment	4 years
Computer equipment	4 years

Thiakis Limited

Notes

forming part of the financial statements (continued)

1. Statement of accounting policies (Continued)

Operating Leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Deferred 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

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

Research and development

Research and development expenditure is charged to the Profit and loss account in the period in which it is incurred

Pensions

The company operates a group personal pension scheme and makes contributions to the personal pension plan of a number of employees. The pension charge represents the amounts payable by the company to the funds in respect of the period under review

Preference shares

Preferred shares are classified as debt and the related dividends as interest in accordance with FRS25 Financial Instruments Disclosure and Presentation

Thiakis Limited

Notes

forming part of the financial statements (continued)

1 Statement of accounting policies (Continued)

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for the called up share capital and share premium account exclude amounts in relation to those shares.

Thiakis Limited

Notes

forming part of the financial statements (continued)

2. Prior year adjustment

During and prior to 2007 the company issued 128,210 preferred shares of 5p each. The rights attached to the shares are set out in note 11.

During the year the directors have reconsidered the accounting for both the redemption and dividends attached to the Preferred Shares to identify if the shares should be accounted for as debt, equity or as a combined instrument.

Redemption

As set out in note 11, the shares are not redeemable except in the case of a breach of any material provision of the investment agreement that are for the benefit of investors, investors notify the company of a material breach of any warranties given by the company under the investment agreement, or a liquidation event occurs in respect of the company.

The directors have reconsidered the provisions for the company included in the investment agreement and believe that avoiding any breach of default is within the control of the company. Further the liquidation of the company is also at its discretion or if the company is no longer a going concern. The directors therefore concluded there is no contractual obligation to deliver cash associated with the redemption of the Preferred Shares which is outside of the company's control.

The holders of the Preferred Shares also have a contractual right to ask for conversion of any number of Preferred Shares into an equal number of Ordinary Shares. The instrument includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments.

Given the above, the directors concluded that, since there is no contractual obligation to deliver cash associated with the redemption of the Preferred Shares which is outside of the company's control, and upon conversion the Preferred Shares are converted into a fixed number of Ordinary Shares, the redemption features of the Preferred Shares should be accounted for as equity instruments.

Dividends

Note 11 sets out the conditions associated with payment of dividends. In particular any profits of the company available for distribution and which are proposed to be distributed shall be used to pay dividends to the holders of Preferred Shares in priority to other classes of share.

However, the cumulative dividends are payable only when the company proposes to pay dividends. As a result, the directors consider the company has the discretion to avoid the payment of dividends under all circumstances until the liquidation of the entity. Therefore the dividends are discretionary and do not give rise to an obligation to deliver cash.

The directors have reconsidered the appropriate classification of these preferred shares and concluded that, since neither the shares nor the dividends give rise to an obligation to deliver cash the directors have reconsidered that the Preferred Shares are equity instruments rather than debt.

Therefore, the Preferred shares were reclassified from Creditors' amounts falling due after more than one year to share capital for the issue price at nominal value and share premium for the remaining proceeds (included within Equity Shareholder's funds).

Further no dividends are recognised in the profit and loss account or are accrued on the balance sheet as no profits are available for distribution.

Thiakis Limited

Notes

forming part of the financial statements (continued)

2. Prior year adjustment (Continued)

The 2008 balance sheet was adjusted as follows

2008 Balance Sheet	As previously stated £'000	Prior year adjustment £'000	As restated £'000
Total assets less current liabilities	1,849,311	-	1,849,311
Creditors amounts falling due after more than one year	(10,770,030)	10,770,030	-
Net assets	<u>(8,920,719)</u>	<u>10,770,030</u>	<u>1,849,311</u>
Capital and reserves			
Called up share capital	9,583	6,411	15,994
Share premium account	125,012	9,993,970	10,118,982
Profit and loss account	(9,055,314)	769,649	(8,285,665)
Equity shareholder's funds	<u>(8,920,719)</u>	<u>10,770,030</u>	<u>1,849,311</u>

The dividends presented as interest payable in 2009 have been reversed The 2009 profit and loss account has been restated as follows

2009 Profit and Loss Account	As previously stated £'000	Prior year adjustment £'000	As restated £'000
Operating loss	(13,886,647)	-	(13,886,647)
Interest receivable	3,642	-	3,642
Interest payable	(850,120)	850,070	(50)
Loss on ordinary activities before taxation	<u>(14,733,125)</u>	<u>850,070</u>	<u>(13,883,055)</u>
Tax on loss on ordinary activities	-	-	-
Loss for the financial year	<u>(14,733,125)</u>	<u>850,070</u>	<u>(13,883,055)</u>

The consequential change of the above on the 2009 Balance sheet was to remove the Creditors due after more than one year of £11,620,100 (being the above £10,770,030 and £850,070) and to reduce the net liabilities/shareholders deficit by the equivalent amount to £12,014,967

Thiakis Limited

3. Operating loss

Operating loss is stated after charging

	2010 £	2009 £
Auditors' remuneration	10,250	10,250
Difference on foreign exchange	1,458,170	130,091
Research and development expenditure	28,729,679	13,556,282
	<u> </u>	<u> </u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	-	578,894
Social security costs	-	59,609
Pension costs	-	7,726
	<u> </u>	<u> </u>
	-	646,229
	<u> </u>	<u> </u>

The average monthly number of employees, including directors, during the year was as follows

	2010 Number	2009 Number
Administration	-	3
	<u> </u>	<u> </u>

Thiakis Limited

Notes (Continued)

forming part of the financial statements

5. Directors' remuneration and emoluments

	2010 £	2009 £
Emoluments	-	8,529
Company pension contributions to personal pension plan	-	329
Directors fees	-	-

None of the directors received emoluments or accrued retirements benefit in respect of qualifying services they provided to the company in 2010 (2009 nil)

Three of the directors received shares under long term incentive scheme and none of the directors exercised share options in the ultimate holding company Pfizer Inc during the period (2009 nil)

6. Interest payable

	2010 £	As restated 2009 £
On bank loans and overdrafts	-	50

7. Taxation

	2010 £	As restated 2009 £
UK corporation tax credit on loss for the year	-	-

Thiakis Limited

Notes (Continued)

forming part of the financial statements

7. Taxation (Continued)

Factors affecting tax charge for the year

The tax assessed for the year is nil (2009-nil) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	As restated 2009 £
Loss on ordinary activities before tax	(30,198,100)	(13,883,055)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(8,455,468)	(3,887,255)
Effects of:		
Expenses not deductible for tax purposes	347,235	157,046
Capital allowances for year in excess of depreciation	(190)	1,600
Unrelieved tax losses	8,108,423	3,728,609
Current tax charge / (credit) for the year	-	-

Factors that may affect future tax charges

The company has trading losses of £51,324,624 (30 November 2009 - £22,365,970) available to be carried forward to be offset against future trading profits arising from the same trade No deferred tax has been recognised

Thiakis Limited

Notes (Continued)

forming part of the financial statements

8. Tangible fixed assets

	Computer equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 December 2009 and November 2010	<u>6,874</u>	<u>8,727</u>	<u>15,601</u>
Depreciation			
At 1 December 2009 and November 2010	<u>6,874</u>	<u>8,727</u>	<u>15,601</u>
Net book value			
At 1 December 2009 and November 2010	<u>-</u>	<u>-</u>	<u>-</u>

9. Debtors

	2010 £	2009 £
Intercompany debtors	-	58,690
Tax recoverable	50,526	-
Other Debtors	3,639	-
Prepayments and accrued income	1,920	4,557
	<u>56,085</u>	<u>63,247</u>
All debtors fall due within one year		

10. Creditors, amounts falling due within one year

	2010 £	2009 £
Trade creditors	-	65,600
Amounts owed to group undertakings	42,267,232	12,010,017
Other creditors	-	2,597
Accruals and deferred income	1,920	-
	<u>42,269,152</u>	<u>12,078,214</u>

Thiakis Limited

Notes (Continued)

forming part of the financial statements

11. Share capital

	As restated	
Shares classified as capital		
<i>Allotted, called up and fully paid</i>	2010	2009
	£	£
27,052 (2009 - 27,052) Ordinary shares of 5p	1,353	1,353
1,500- 'B' Ordinary shares of £1 each	1,500	1,500
7,500- Deferred shares of 95p each	7,125	7,125
128,210 (2009 - 128,210) Preferred shares of 5p each	6,411	6,411
	16,389	16,389

Share

rights

Income

Any profits of the company available for distribution and which are proposed to be distributed shall be used to pay dividends in the following order of priority

- (i) first, the holders of the preferred shares shall be entitled, in priority to any payment of dividend to the holders of any other class of shares, to a cumulative preferential dividend at a rate of 8% per annum of the aggregate issue price of each share which shall accrue quarterly from the first day of the calendar quarter after the date of issue of the relevant preferred shares up to and including the date of redemption of the preferred shares, and shall be distributed to the preferred shareholders pro rata according to the number of preferred shares held by them respectively,
- (ii) next, in paying to the holders of A shares, B shares and ordinary shares such amount by way of dividend as the directors may determine and is approved by the shareholders in general meeting, and for such purposes the holders of A shares and B shares shall be entitled to participate in any dividend declared and paid to the holders of ordinary shares as if (a) the B shares had been converted into A shares, and (b) subject to (a), the A shares, B shares and ordinary shares constituted a single class of share, and the A shares and B shares ranked pari passu in all respects to dividend with the ordinary shares at the same rate per share as the amount per ordinary share payable

The holders of deferred shares are not entitled to receive any dividend or distribution

Capital

On a liquidation, winding up or any return of capital at any time whatsoever or on the sale of the company, the assets of the company available for distribution among shareholders will be distributed in the following order of priority

- (i) first, to the holders of each preferred share, any arrears and accruals of preferential dividend in respect thereof,
- (ii) second, to the holders of each preferred share, the issue price on that preferred share,
- (iii) third, to the holders of deferred shares, the nominal amount of each deferred share, and

Thiakis Limited

Notes (Continued)

forming part of the financial statements

11. Share capital (continued)

(iv) thereafter, the remaining assets of the company available for distribution shall be distributed to the holders of the voting shares as if (a) the B shares had been converted into A shares, and (b) subject to (a), pro rata to each such holder's respective holding pari passu as if they constituted a single class of share

Redemption of preferred shares

The preferred shares shall become redeemable by the company if one of the following events occurs

(i) the company breaches any material provisions of the investment agreement that are for the benefit of the investors, or

(ii) the investors (acting by an investor majority) notify the company of a material breach of any of the warranties given by the company under the investment agreement, or

(iii) a liquidation event occurring in respect of the company

Upon the preferred shares being redeemed, the company shall pay to the holder of each preferred share the issue price for each preferred share held together with a sum equal to all arrears and accruals of the preferred dividend payable on it calculated to and including the date of redemption

Attendance at General Meetings and Voting

Ordinary shares, A shares, B shares and preferred shares confer the right to receive notice, attend and vote at general meetings. On a poll taken at any general meeting the holders of ordinary shares, A shares and B shares and preferred shares shall have one vote for each ordinary share, A share, B share or preferred share held

Deferred shares shall not entitle the holders thereof to receive notice of or to attend and vote at any general meeting of the company

12. Reserves

	Share premium account £	Profit and loss account £
Opening reserves as originally stated	143,394	(23,788,439)
Prior year adjustment (See note 2)	9,993,970	1,619,719
	<hr/>	<hr/>
Opening reserves as restated	10,137,364	(22,168,720)
Loss for the year	-	(30,198,100)
	<hr/>	<hr/>
At end of the year	10,137,364	(52,366,820)
	<hr/>	<hr/>

Thiakis Limited

Notes *(Continued)*

forming part of the financial statements

13. Related party disclosures

The ultimate controlling company is Pfizer Inc, a company incorporated in the State of Delaware, United States of America

The company has availed of the exemption in FRS No 8 *Related Party Disclosures* (FRS 8) from the requirement to disclose details of transactions with wholly owned group undertakings. Other than transactions with related group undertakings there were no other related party transactions. Details on the availability of group consolidated financial statements are given in note 14

14. Ultimate Parent Company

The immediate parent undertaking is Wyeth LLC and the ultimate parent undertaking is Pfizer Inc (both are incorporated in the State of Delaware, USA)

The directors consider Pfizer Inc to be the ultimate controlling party. Copies of the ultimate parent company's financial statements may be obtained from Pfizer Inc, 235 East 42nd Street, New York, NY 10017 USA