

# **PowderMed Limited and subsidiaries**

**Directors' report and  
financial statements**

**Year ended 30 November 2010**

Registered number      05055092

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# PowderMed Limited and subsidiaries

## Directors' report and financial statements

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# PowderMed Limited and subsidiaries

## Directors and other information

<b>Directors</b>	JR Merson MJ O' Callaghan P Rao AL Verrinder LP Jones
<b>Registered office</b>	Ramsgate Road Sandwich Kent CT13 9NJ
<b>Independent auditor</b>	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
<b>Registered Number</b>	05055092

# PowderMed Limited and subsidiaries

## Directors' report

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

### Principal activity

The company's principal activity during the year was the development of pharmaceutical products using powder injection technology.

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)

The consolidated profit and loss account for the year is set out on page 9

### Results and dividends

The audited financial statements for the year ended 30 November 2010 are set out on pages 7 to 16

The group generated an after tax profit of £27,000 (2009 *profit* £10,975,000) No dividends were declared in 2010 (2009 *£nil*). The retained consolidated profit for the year of £27,000 (2009 *profit* £10,975,000) has been transferred to reserves

### Going concern

PowderMed Limited is a research and development company which expects to incur further losses until revenues from royalty income and milestone receipts exceed expenditure on product development The directors are satisfied that appropriate funding is and will be available to the company to ensure that it will continue to meet its obligations as they fall due for the foreseeable future until such time as the company expects to generate self sustaining revenues

### Directors

The directors who served during the year were as follows

JR Merson  
MJ O'Callaghan  
P Rao  
AL Verrinder  
LP Jones (appointed 19 July 2010)

### 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

The company's auditors are KPMG LLP, UK

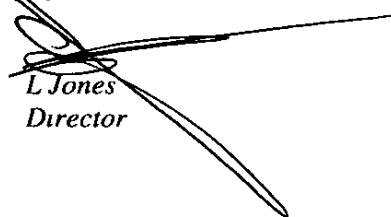
# PowderMed Limited and subsidiaries

## Directors' report *(continued)*

### Small company exemption

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

By order of the board



*L Jones*  
Director

Date 20.6.11

# PowderMed Limited and subsidiaries

## 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 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 member of PowderMed Limited and subsidiaries**

We have audited the financial statements of PowderMed Limited and subsidiaries for the year ended 30 November 2010 set out on pages 7 to 16. 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 4, 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 website at [www.frc.org.uk/apb/scope/UKNP](http://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 group's and of the parent company's affairs as at 30 November 2010 and of the group's 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 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 member of PowderMed Limited and subsidiaries (*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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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  
Date 20 JUNE 2011



# **PowderMed Limited and subsidiaries**

## **Statement of accounting policies**

*for the year ended 30 November 2010*

These financial statements are prepared on the going concern basis, under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### **Basis of preparation**

The Group and company financial statements incorporate the results of PowderMed Limited and its subsidiary undertakings. The results of subsidiary undertakings acquired during the year are included from the effective date of acquisition. All inter-company balances and transactions have been eliminated.

The financial statements have been prepared on a going concern basis as the Group has entered into a financial arrangement with a fellow group undertaking to provide financial support for the foreseeable future. This should enable the Group 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.

In accordance with Section 408 of the Companies Act 2006 a separate profit and loss account for PowderMed Limited has not been presented.

### **Cash flow statement**

The Group has taken advantage of the exemptions available in FRS 1 "Cash Flow Statements" to not produce a cash flow as it qualifies as a small Group.

### **Research and development**

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

### **Financial fixed assets – investment in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Impairment reviews are carried out where there is an indication that the carrying value of the investment may be impaired.

### **Taxation**

The credit for taxation is based on the loss 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.

# PowderMed Limited and subsidiaries

## Statement of accounting policies *(continued)* *for the year ended 30 November 2010*

### **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 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 accounts of overseas subsidiary undertakings are translated into sterling in the consolidated accounts. Profit and loss account items are translated at the average rate for the year. Assets and liabilities are translated at the rate of exchange ruling on the balance sheet date. Exchange differences arising on the retranslation of opening assets and liabilities are taken directly to reserves.

# PowderMed Limited and subsidiaries

## Consolidated profit and loss account for the year ended 30 November 2010

	<i>Note</i>	<b>2010</b>	2009
		<b>£'000</b>	£'000
Research and development expenditure		<b>(226)</b>	(1,844)
Administrative expenses		<u><b>(87)</b></u>	<u>622</u>
<b>Operating loss before exceptional item</b>	<i>1</i>	<b>(313)</b>	(1,222)
<b>Exceptional item</b>			
Restructuring costs	<i>4</i>	<u><b>-</b></u>	<u>(2,180)</u>
<b>Loss on ordinary activities before interest</b>		<b>(313)</b>	(3,402)
Interest receivable and similar income	<i>5</i>	<b>1</b>	48
Interest payable and similar charges	<i>6</i>	<u><b>(364)</b></u>	<u>(857)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(676)</b>	(4,211)
Tax credit on loss on ordinary activities	<i>7</i>	<u><b>703</b></u>	<u>15,186</u>
<b>Profit for the financial year</b>	<i>13</i>	<u><b>27</b></u>	<u>10,975</u>

All amounts relate to continuing operations.

Notes on pages 11 to 16 form part of the financial statements

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

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Profit for the financial year	<b>27</b>	10,975
Exchange adjustments in reserves	<u><b>17</b></u>	<u>(19)</u>
<b>Total recognised gains and losses in the year</b>	<u><b>44</b></u>	<u>10,956</u>

# PowderMed Limited and subsidiaries

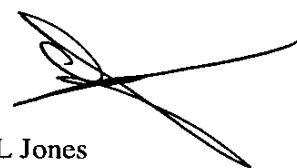
## Consolidated and company balance sheet at 30 November 2010

Registered Number 05055092

	Notes	2010		2009	
		Group £'000	Company £'000	Group £'000	Company £'000
<b>Fixed assets</b>					
Investments	8	-	-	-	-
		-	-	-	-
<b>Current assets</b>					
Debtors	9	3,746	3,746	20,307	20,307
Cash at bank and in hand		-	-	157	157
		3,746	3,746	20,464	20,464
<b>Creditors, amounts falling due within one year</b>	10	<u>(57,717)</u>	<u>(58,006)</u>	<u>(74,479)</u>	<u>(74,751)</u>
<b>Net current (liabilities)</b>		<u>(53,971)</u>	<u>(54,260)</u>	<u>(54,015)</u>	<u>(54,287)</u>
<b>Net (liabilities)</b>		<u>(53,971)</u>	<u>(54,260)</u>	<u>(54,015)</u>	<u>(54,287)</u>
<b>Capital and reserves</b>					
Called up share capital	11	329	329	329	329
Share premium	12	24,789	24,789	24,789	24,789
Profit and loss account	12	<u>(79,089)</u>	<u>(79,378)</u>	<u>(79,133)</u>	<u>(79,405)</u>
<b>Total shareholder's (deficit)</b>	13	<u>(53,971)</u>	<u>(54,260)</u>	<u>(54,015)</u>	<u>(54,287)</u>

Notes on pages 11 to 16 form part of the financial statements

These financial statements were approved by the board and were signed on its behalf on 20.6.11 by

  
L. Jones  
Director

# PowderMed Limited and subsidiaries

## Notes

*forming part of the financial statements*

### 1 Operating loss before exceptional item

Operating Profit/ (loss) before exceptional item is stated after charging

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Research and development expenditure	<b>226</b>	1,844
Foreign exchange loss/(gain)	<b>87</b>	(311)

Auditor's remuneration is borne without recourse by Pfizer Limited, a fellow group undertaking. In 2010 these fees amounted to £12,000 (2009 £18,115)

Research and development expenditure includes work undertaken under recharge arrangements.

### 2 Directors' emoluments

None of the directors received emoluments or accrued retirements benefit (2009 *two*) in respect of qualifying services they provided to the company in 2010 (2009 £245,000)

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

### 3 Employee information

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Wages and salaries	-	185
Social security costs	-	45
Other pension costs	-	7
	<b>-</b>	<b>237</b>

There were no employees in the company after 31 December 2008 (2009 39 employees)

### 4 Exceptional item

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Restructuring costs	-	2,180

# PowderMed Limited and subsidiaries

Notes (continued)

forming part of the financial statements

## 5 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from fellow subsidiary undertakings	1	6
Other income	-	42
	<u>1</u>	<u>48</u>

## 6 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable to fellow subsidiary undertaking	364	857
	<u>364</u>	<u>857</u>

## 7 Tax credit on loss on ordinary activities

	2010 £'000	2009 £'000
<b>Current tax</b>		
UK corporation tax	(87)	(324)
Adjustments in respect of previous periods	(656)	(14,863)
	<u>(743)</u>	<u>(15,187)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	40	1
	<u>40</u>	<u>1</u>
Tax (credit) on loss on ordinary activities	<u>(703)</u>	<u>(15,186)</u>

# PowderMed Limited and subsidiaries

## Notes (continued)

forming part of the financial statements

### 7 Tax credit on loss on ordinary activities (continued)

The tax credit assessed for the year is higher than would have been achieved by tax affecting the loss before tax for the year at the effective standard rate for the year of 28% (2009 28%) The differences are as follows

	2010 £'000	2009 £'000
(Loss)/ profit on ordinary activities before tax	(676)	(4,211)
Taxation (credit) at UK corporation tax rate of 28% (2009 28 %)	(189)	(1,179)
<b>Effects of</b>		
Expenses not deductible for tax purposes	102	855
Adjustments in relation to prior years	-	(14,863)
Under/(over) provision in respect of prior periods	(656)	-
Current tax credit	(743)	(15,187)

The Group has a net unrecognised deferred tax asset of £6,734,301 (2009: £6,983,719) and the Company has a net unrecognised deferred tax asset of £6,734,301 (2009: £6,983,719) primarily consisting of tax losses carried forward. The asset is not recognised in accordance with the group's accounting policies on deferred tax assets.

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the unrecognised deferred tax balance as at 30 November 2010 has been included in the figure above.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset of approximately £249k. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above.

# PowderMed Limited and subsidiaries

Notes (continued)

forming part of the financial statements

## 8 Financial fixed assets – investment in subsidiary undertakings

	2010	2009
Company	£	£
Subsidiary undertakings	8	8

The company held the following subsidiary undertakings at 30 November 2010, all of which are held directly

	Country of registration and incorporation
PowderJect Research Limited	United Kingdom
PowderJect Vaccines Inc	United States
PowderMed Inc	United States

All of the subsidiary undertakings are 100% owned and included in the consolidation. The companies are dormant or are in the process of becoming dormant.

## 9 Debtors

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts owed by group undertakings	3,498	3,498	19,782	19,782
Corporation tax	87	87	324	324
Deferred tax asset	161	161	201	201
	<u>3,746</u>	<u>3,746</u>	<u>20,307</u>	<u>20,307</u>

The 2010 deferred tax asset of £161,000 (2009 £201,000) is made up of accelerated depreciation of £161,000 (2009 £201,000).



# PowderMed Limited and subsidiaries

## Notes (continued)

forming part of the financial statements

### 10 Creditors: amounts falling due within one year

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Loan from fellow subsidiary undertaking	52,079	52,079	67,685	67,685
Interest due on loan from fellow subsidiary undertaking	10	10	11	11
Other amounts owed to group undertakings	5,628	5,917	6,598	6,870
Other taxation and social security	-	-	14	14
Accruals	-	-	171	171
	<u>57,717</u>	<u>58,006</u>	<u>74,479</u>	<u>74,751</u>

### 11 Called up share capital

	2010		2009	
	Number	£'000	Number	£'000
<b>Authorised</b>				
Ordinary shares of £0.01 each	<u>33,030,000</u>	<u>330</u>	<u>33,030,000</u>	<u>330</u>
<b>Allotted and fully paid</b>				
Ordinary shares of £0.01 each	<u>32,860,200</u>	<u>329</u>	<u>32,860,200</u>	<u>329</u>

### 12 Reserves

Group	Share premium £'000	Profit and loss reserve £'000
At 1 December 2009	24,789	(79,133)
Profit for the financial year	-	27
Exchange adjustments in reserves	-	17
	<u>24,789</u>	<u>(79,089)</u>
<b>30 November 2010</b>	<u>24,789</u>	<u>(79,089)</u>
<b>Company</b>		
At 1 December 2009	24,789	(79,405)
Profit for the financial year	-	27
	<u>24,789</u>	<u>(79,378)</u>
<b>30 November 2010</b>	<u>24,789</u>	<u>(79,378)</u>

Exchange differences arising on the retranslation of opening assets and liabilities are taken directly to reserves

# PowderMed Limited and subsidiaries

## Notes (continued)

forming part of the financial statements

### 13 Reconciliation of movements in shareholder's funds

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 December 2009	(54,015)	(54,287)	(64,971)	(65,262)
Total recognised gains and losses for the year	27	27	10,975	10,975
Exchange adjustments in reserves	<u>17</u>	<u>-</u>	<u>(19)</u>	<u>-</u>
<b>Total equity shareholder's deficit at 30 November 2010</b>	<b><u>53,971</u></b>	<b><u>54,260</u></b>	<b><u>(54,015)</u></b>	<b><u>(54,287)</u></b>

### 14 Contingent liabilities

The group has no contingent liabilities in either 2010 or 2009

### 15 Related party disclosure

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

The Group has taken advantage of the exemption under the terms of FRS 8 "Related Party Transactions" from the requirement to disclose related party transactions with entities that are part of the PowderMed Limited Group.

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

PowderMed 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 42<sup>nd</sup> Street, New York, NY10017, USA

The group was acquired by Pfizer International LLC, a subsidiary of Pfizer Inc , a company registered in the United States of America on 1 December 2006 During 2009 ownership of the company was transferred to Pfizer Vaccines LLC, a subsidiary of Pfizer Inc

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

### 17 Copies of accounts

Copies of the PowderMed Limited consolidated financial statements can be obtained from the Companies House