

Pfizer Consumer Healthcare Limited

Annual report and financial statements

For the year ended 30 November 2018

Registered number: 00132018



Pfizer Consumer Healthcare Limited

Annual report and financial statements

<i>Contents</i>	Page
Directors and other information	1
Strategic report	2-3
Directors' report	4-5
Statement of directors' responsibilities in respect of annual report and financial statements	6
Independent auditor's report to the members of Pfizer Consumer Healthcare Limited	7-8
Statement of accounting policies	9-14
Profit and loss account and other comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Notes forming part of the financial statements	18-30

Pfizer Consumer Healthcare Limited

Directors and other information

Directors	MW Davidson IE Franklin EJ Pearson JA Mount BJ Osborn DJ Harnett PR Rose
Company secretary	JA Mount
Registered office	Pfizer Ramsgate Road Sandwich Kent CT13 9NJ
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
Registered number	00132018

Pfizer Consumer Healthcare Limited

Strategic report

Business Review

The audited financial statements for the year ended 30 November 2018 are set out on pages 9 to 30.

The company generated an after-tax loss of £57,434,000 (2017: Profit of £34,762,000). No dividends were declared in 2018 (2017: £nil). The retained loss for the year of £57,434,000 (2017: Profit of £34,762,000) has been transferred to reserves. As at year end the company has net assets of £164,320,000 (2017: £221,754,000). The decrease in net assets can be attributed to the loss made in 2018.

The profit and loss account and other comprehensive income and statement of financial position are set out on pages 15 and 16 respectively. The development and performance of the company during the year was satisfactory in light of the competitive environment, as was the position of the company at the year-end. On 19 December 2018, Pfizer Inc. announced a proposal to enter an agreement with GlaxoSmithKline plc to create a consumer healthcare joint venture. Details of group reorganisations, subsequent to year end, impacting the Company are set out on page 30.

The company is managed on an integrated basis with other Pfizer Inc. group companies worldwide as part of Pfizer Inc.'s global healthcare business. Accordingly, key performance indicators have not been given for the company itself. The focus of the business is innovation in the medicines that are integral to good healthcare, with a central task being the discovery and development of more new medicines for patients. Further details are provided in the Pfizer Inc. consolidated annual review and financial report which are available from Pfizer Inc., 235 East 42nd Street, New York, NY 10017, USA.

During the year the company received no dividends (2017: £39,302,000) from Wyeth Pharmaceutical Co. Limited.

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.

Pfizer Consumer Healthcare Limited

Strategic report *(continued)*

Principal Risks and uncertainties *(continued)*

- 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.
- 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



JA Mount

Date: 15th August 2019

Director
Ramsgate Road
Sandwich
Kent
CT13 9 NJ

Pfizer Consumer Healthcare Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2018.

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 are 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.

Share capital and dividends

No shares have been issued during the period. During the year, the directors did not propose to pay any dividends (2017: £nil).

Political donations

No political donations were made during the year (2017: £nil).

Disabled employees

It is the policy of the company to give full and fair consideration to applications for employment made by persons with disability taking account of their particular abilities and aptitudes. Policies to actively eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted. Should any existing employee become disabled every effort is made to ensure continuity of employment after appropriate assessment of special needs, suitable adjustment to accommodate the disability, retraining, resettlement and continued support. The same opportunity for training and career development is given to disabled employees as is given to employees generally.

Employee involvement

The company seeks open and direct relations with its employees through the provision of efficient formal and informal channels for communication. These include information and support services provided by e-mail, web and telephone as well as face to face, and consultation through a variety of committees, forums, surveys and regular departmental meetings. The company also participates in the Pfizer Europe Employee Forum.

The company actively promotes an "open door" management policy and has a grievance escalation process. There is also an extensive performance management programme in place which facilitates open and regular dialogue between employees and their managers. Employees complete an annual integrity pledge and have direct access to a corporate compliance hotline and other facilities.

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

Pfizer Consumer Healthcare Limited

Directors' report *(continued)*

Directors

The directors who held office from 1 December 2017 and to the date of this report, unless otherwise stated, were:

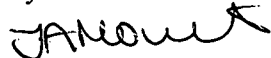
IE Franklin	
EJ Pearson	
M Reidla	(resigned 23 March 2018)
JA Mount	
E Nordkamp	(resigned 15 May 2019)
MW Davidson	
PR Rose	(appointed 23 March 2018)
DJ Harnett	(appointed 26 April 2018)
BJ Osborn	(appointed 29 April 2019)

Auditor

The directors who held office at the date of approval of this directors' report confirm that 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.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



JA Mount

Date: 15th August 2019

Director
Ramsgate Road
Sandwich
Kent
CT13 9NJ

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in the Statement of accounting policies, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Pfizer Consumer Healthcare Limited

Opinion

We have audited the financial statements of Pfizer Consumer Healthcare Limited ("the company") for the year ended 30 November 2018 which comprise the Profit and loss account and other comprehensive income, the Statement of financial position and the Statement of changes in equity and related notes, including the accounting policies in the Statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non going concern basis of preparation

We draw attention to the disclosure made in the statement of accounting policies to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report or the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Pfizer Consumer Healthcare Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

Date: 15th August 2019

Pfizer Consumer Healthcare Limited

Statement of accounting policies

for the year ended 30 November 2018

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

Basis of preparation

Pfizer Consumer Healthcare Limited is a limited liability company domiciled and registered in England in the UK. The registered number is 00132018 and the registered address is Ramsgate Road, Sandwich, Kent, CT13 9NJ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

Going concern

On 19 December 2018 Pfizer Inc., the ultimate parent company announced a proposal to enter into an agreement with GlaxoSmithKline plc to create a consumer healthcare joint venture. Subsequent to this, the company agreed to transfer the majority of its consumer healthcare business and related net assets, during 2019, to a fellow group undertaking. The company has agreed to operate the business on behalf of the acquiring company during a transitional period and transfer the net economic benefit / cost of the business to the acquiring company during that period. This forms part of a Pfizer Inc. group reorganisation in preparation for the creation of such a joint venture.

Separately in 2019, the company has agreed to transfer its remaining business operations to a fellow group company. The company will continue to operate the business on behalf of the acquiring company and will transfer the net economic benefit / cost arising from this business to the acquiring company during a transitional period.

The transitional periods of both agreements will conclude within less than twelve months from the date of authorisation of these financial statements.

As there are no current plans to acquire a replacement trade in line with the requirements of FRS 102, the directors have decided to prepare the financial statements on a basis other than going concern from this year onwards. No adjustments were necessary to the amounts at which the net liabilities are included in these financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders.

Pfizer Consumer Healthcare Limited

Statement of accounting policies *(continued)* *for the year ended 30 November 2018*

A separate cash flow statement is not presented by the company as the information is included in the consolidated cash flow statement prepared by the ultimate parent, Pfizer Inc., in the manner prescribed by FRS102.7.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 24.

The company is exempt from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The company has availed of the exemption from disclosures for financial assets and liabilities required by Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A as equivalent disclosures are included in the consolidated financial statements of the group in which Pfizer Consumer Healthcare Limited is consolidated.

Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of trade discounts, discounts given to customers for early settlement of amounts outstanding, returns, allowances and value added tax. Turnover is recognised at the point at which the significant risks and rewards are transferred to the buyer, in line with contract terms, typically on date of goods despatch.

Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Pension costs

The company participated in a group operated pension scheme for the benefit of the majority of its employees. The costs arising from defined contributions are recognised in the profit and loss account in the period in which the service is provided.

Foreign currency

Transactions in foreign currencies are recorded using the company's actual month end 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 statement of financial position date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Pfizer Consumer Healthcare Limited

Statement of accounting policies *(continued)* *for the year ended 30 November 2018*

Foreign currency *(continued)*

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 accounts for derivatives at fair value and they are recognised at their fair value on the statement of financial position.

Goodwill and intangible assets

Purchased goodwill, representing the excess of the fair value of purchase consideration over the fair value of the separable net assets acquired, is capitalised and amortised in instalments of up to 20 years, based on the directors' estimate of its useful economic life. Goodwill and intangible assets are subsequently measured at cost less accumulated amortisation and are stated net of any provisions for impairment.

Financial fixed assets

Financial fixed assets are stated at purchase cost less provision for any impairment in value. An impairment test is undertaken on an annual basis by the company to confirm that the carrying value is appropriate.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The entity assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Machinery and equipment	20 years
-------------------------	----------

No depreciation is provided on payments on account or assets in the course of construction.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Residual value is calculated on prices prevailing at the date of acquisition. The net book value of fixed assets is written down to estimated recoverable amount, should any impairment be identified.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Estimated selling price less costs to complete and sell is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. A provision is made for obsolete, slow moving or defective items where appropriate.

Pfizer Consumer Healthcare Limited

Statement of accounting policies *(continued)* *for the year ended 30 November 2018*

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pfizer Consumer Healthcare Limited

Statement of accounting policies *(continued)* *for the year ended 30 November 2018*

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, amounts due from group companies and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Other financial instruments

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Pfizer Consumer Healthcare Limited

Statement of accounting policies *(continued)* *for the year ended 30 November 2018*

Other financial instruments (continued)

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged and any gains or losses on remeasurement are recognised immediately in the profit and loss account.

Related parties transactions

The company avails of the exemption contained in FRS 102 Section 33 Related Party Disclosures and does not disclose transactions entered into between wholly owned members of the group. Transactions with entities not wholly group owned are disclosed in accordance with the accounting standards and Companies Act 2006.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Pfizer Consumer Healthcare Limited

Profit and loss account and other comprehensive income
for the year ended 30 November 2018

		2018 £000	2017 £000
Turnover	<i>1</i>	57,186	41,839
Cost of sales		(25,050)	(22,020)
Gross profit		32,136	19,819
Distribution costs		(27,932)	(17,477)
Administrative expenses		(61,651)	(1,857)
(Loss)/profit on ordinary activities before interest		(57,447)	485
Income from fixed asset investments	<i>5</i>	-	39,302
Interest receivable and similar income	<i>6</i>	179	67
Interest payable and similar charges	<i>7</i>	-	(550)
(Loss)/profit on ordinary activities before taxation	<i>2</i>	(57,268)	39,304
Tax on the loss/profit on ordinary activities	<i>8</i>	(166)	(4,542)
(Loss)/profit for the financial year		(57,434)	34,762
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(57,434)	34,762

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 18 to 30 and the accounting policies on pages 9 to 14 form part of these financial statements.

Pfizer Consumer Healthcare Limited

Statement of financial position

as at 30 November 2018

	<i>Note</i>	2018 £000	2017 £000
Fixed assets			
Intangible fixed assets	<i>9</i>	1,111	1,194
Financial fixed assets	<i>10</i>	128,556	174,642
Tangible fixed assets	<i>11</i>	19	-
		<hr/>	<hr/>
		129,686	175,836
Current assets			
Stocks	<i>12</i>	15,742	9,543
Debtors	<i>13</i>	50,658	70,760
Cash and cash equivalents	<i>14</i>	-	51
		<hr/>	<hr/>
		66,400	80,354
Creditors: amounts falling due within one year	<i>15</i>	(31,764)	(34,433)
		<hr/>	<hr/>
Net current assets		34,636	45,921
		<hr/>	<hr/>
Total assets less current liabilities		164,322	221,757
Creditors: amounts falling due after more than one year	<i>16</i>	(2)	(3)
		<hr/>	<hr/>
Net assets		164,320	221,754
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	<i>18</i>	72,748	72,748
Profit and loss account		91,572	149,006
		<hr/>	<hr/>
Shareholders' funds		164,320	221,754
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 30 and the accounting policies on pages 9 to 14 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf on 15th August 2019 by:



JA Mount
Director

Registered Number: 00132018

Pfizer Consumer Healthcare Limited

Statement of changes in equity
for the year ended 30 November 2018

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 December 2016	72,748	114,244	186,992
Profit for the year	-	34,762	34,762
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	34,762	34,762
	<hr/>	<hr/>	<hr/>
At 30 November 2017	72,748	149,006	221,754
Loss for the year	-	(57,434)	(57,434)
	<hr/>	<hr/>	<hr/>
Total comprehensive expenditure for the year	-	(57,434)	(57,434)
	<hr/>	<hr/>	<hr/>
Balance at 30 November 2018	72,748	91,572	164,320
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 30 and the accounting policies on pages 9 to 14 form part of these financial statements.

Pfizer Consumer Healthcare Limited

Notes

forming part of the financial statements

1 Analysis of turnover

Contributions to turnover by geographical destination are as follows:

	2018	2017
	£000	£000
United Kingdom	55,887	40,688
Overseas	1,299	1,151
	57,186	41,839

Disclosures of segment information with regard to turnover by class of business would, in the opinion of the directors, be seriously prejudicial to the interests of the company.

2 Profit on ordinary activities before taxation

	2018	2017
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging/ (crediting):</i>		
Goodwill amortisation	83	83
Auditor's remuneration for the audit of these financial statements	53	50
Foreign exchange (gain)	(1,660)	(1,514)
Impairment of financial fixed assets (Note 10)	59,100	-

Impairment of financial fixed assets

The value of the investment in Treerly Health Co.Ltd was impaired by £59,100,000 at year end 30 November 2018.

3 Directors' remuneration and emoluments

The remuneration of the directors in respect of qualifying services for 2018 and 2017 was borne by Pfizer Limited.

Five of the directors received shares under a long term incentive scheme (2017: six) and none of the directors exercised share options in the ultimate holding company Pfizer Inc. during the period (2017: none).

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

4 Staff numbers and costs

The average number of people employed by the company (including directors) during the year, analysed by category, was as follows:

	2018 No.	2017 No.
Manufacturing	2	-
Research and development	10	-
Sales and distribution	27	-
Administration	4	-
	<u>43</u>	<u>-</u>

The aggregate payroll costs of these people were as follows:

	2018 £000	2017 £000
Staff costs		
Wages and Salaries	3,364	-
Bonus	683	-
Social security costs	423	-
Other pension costs (note 21)	189	-
	<u>4,659</u>	<u>-</u>

In addition to the above the company utilised the services of employees contracted to a fellow group company, Pfizer Limited. The cost of these services recharged to the company in the year was £1,749,950 (2017: £4,528,206). During the year these employees involved in the operation of Pfizer Consumer Healthcare Limited became employees of the company.

5 Income from fixed asset investments

	2018 £000	2017 £000
Dividend from Wyeth Pharmaceutical Co. Limited	-	39,302
	<u>-</u>	<u>39,302</u>

Pfizer Consumer Healthcare Limited

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

6 Interest receivable and similar income

	2018	2017
	£000	£000
Interest receivable on amounts due from group undertakings	179	67

7 Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable on amounts due to group undertakings	-	4
Net exchange loss on foreign currency borrowings	-	546
	-	550

Pfizer Consumer Healthcare Limited

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

8 Tax on the profit on ordinary activities

	2018 £000	2017 £000
<i>UK and Foreign corporation tax</i>		
Current tax charge on profit for the period	347	610
Adjustments in respect of prior periods	(183)	(3)
Foreign tax	-	3,933
	<u>164</u>	<u>4,540</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	2	2
	<u>2</u>	<u>2</u>
Total deferred tax charge (note 17)	2	2
	<u>166</u>	<u>4,542</u>

The tax assessed for the is higher (*2017: lower*) than the applicable rate of corporation tax in the UK 19% (*2017: 19.33%*). The difference is explained below.

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(57,268)	39,304
	<u>(10,880)</u>	<u>7,597</u>
Taxation charge at UK corporation tax rate of 19% (<i>2017: 19.33%</i>)	(10,880)	7,597
Effects of:		
Permanent differences	11,229	612
Adjustments in respect of prior periods	(183)	(3)
Non-taxable income	-	(7,597)
Withholding tax	-	3,933
	<u>166</u>	<u>4,542</u>

Reductions in the UK corporation tax rate from 19.33% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

9 Intangible fixed assets

	Goodwill £000
Cost	
At beginning	1,676
Additions	-
	<hr/>
At end of year	1,676
	<hr/> <hr/>
Amortisation	
At beginning of year	482
Charge for the year	83
	<hr/>
At end of year	565
	<hr/> <hr/>
Net realisable value	
At 30 November 2018	1,111
	<hr/> <hr/>
At 30 November 2017	1,194
	<hr/> <hr/>

Goodwill relates to the acquisition of a skin supplement business from Ferrosan Limited in 2012.

10 Financial fixed assets

	Subsidiary undertakings £000
Cost	
At beginning of year	174,642
Additions	13,014
Impairment	(59,100)
	<hr/>
Net book value	
At 30 November 2018	128,556
	<hr/> <hr/>
At 30 November 2017	174,642
	<hr/> <hr/>

During the year the company incorporated the following entities across various jurisdictions; PF Consumer Healthcare Phillipines Inc, PF Consumer Healthcare Singapore PTE. LTD, PF Healthcare Sdn. Bhd., PF Consumer Healthcare New Zealand Limited, PF Consumer Healthcare (Thailand) Limited and PF Consumer Healthcare Korea Limited. During the year the company made capital contributions of £7,935,000 in aggregate to the newly incorporated entities.

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

10 Financial fixed assets (continued)

The company also made capital contribution of £5,079,000 to Treerly Health Co. Limited for product upgrades. Impairment of £59,100,000 has been recognised on this investment following review.

Subsidiary undertakings

Name of undertaking	Registered Office	Proportion of share capital at 30 November 2018
Treerly Health Co. Limited	Unit 01A, Room 3901, No. 16 East Zhuijiang Road, Tianhe District, Guangzhou, China.	100%
Wyeth Pharmaceutical Co. Limited	4 Baodai West Road, Suzhou, Jiangsu Province, 215128, China.	100%
PF Consumer Healthcare Philippines, Inc.	20/F 8 Rockwell Building, Hidalgo Drive, Rockwell Center Brgy. Poblacion Makati City, 1210 Philippines	100%
PF Consumer Healthcare Singapore PTE. LTD.	80 Pasir Panjang Road #16-81/82 Mapletree Business Centre 117372 Singapore	100%
PF Healthcare Sdn. Bhd.	Level 21, Suite 21.01 The Gardens South Tower, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia	100%
PF Consumer Healthcare New Zealand Limited	Level 1, Suite 1.4, Building B 8 Nugent Street, Grafton Auckland, 1023 New Zealand	100%
PF Consumer Healthcare (Thailand) Limited	Floor 36 and 37, United Center Building 323 Silom Road, Silom, Bangrak, Bangkok 10500, Thailand	100%
PF Consumer Healthcare Korea Limited	110, Toegye-ro Jung-gu, Seoul, Republic of Korea	100%

Pfizer Consumer Healthcare Limited

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

11 Tangible Fixed Assets

<i>Plant, machinery and vehicles</i>	2018 £000	2017 £000
Cost		
At beginning of year	-	-
Additions	33	-
At end of year	<u>33</u>	<u>-</u>
Accumulated depreciation		
At beginning of year	-	-
Charge for year	14	-
At end of year	<u>14</u>	<u>-</u>
Net book value at year end	<u>19</u>	<u>-</u>

12 Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	15,472	9,543
	<u>15,472</u>	<u>9,543</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £30,340,2014 (2017: £26,136,000). The write down of stocks amounted to £702,511 (2017: £1,336,000) and is included in cost of sales.

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

13 Debtors

	2018 £000	2017 £000
Trade receivables	13,117	8,809
Amounts owed by group undertakings	37,428	61,344
UK corporation tax	-	596
Other financial assets (note 22)	105	-
Deferred tax assets (note 17)	8	11
	<u>50,658</u>	<u>70,760</u>

Amounts owed by group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged. All debtors fall due within one year.

14 Cash and cash equivalents

	2018 £000	2017 £000
Cash and cash equivalents	-	51
	<u>-</u>	<u>51</u>

15 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade payables	2,067	165
Amounts owed to group undertakings	25,351	31,001
UK corporation tax	347	-
Other tax and social security	2,449	2,598
Accruals	1,550	33
Other financial liabilities (note 22)	-	636
	<u>31,764</u>	<u>34,433</u>

Amounts owed to group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged.

Pfizer Consumer Healthcare Limited

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

16 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Deferred tax liability (note 17)	2	3
	<u>2</u>	<u>3</u>
	<u><u>2</u></u>	<u><u>3</u></u>

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018			2017		
	Assets £000	Liabilities £000	Net £000	Assets £000	Liabilities £000	Net £000
Depreciation in excess of capital allowances	8	-	8	11	-	11
Other	-	(2)	(2)	-	(3)	(3)
	<u>8</u>	<u>(2)</u>	<u>6</u>	<u>11</u>	<u>(3)</u>	<u>8</u>
Net tax assets	<u><u>8</u></u>	<u><u>(2)</u></u>	<u><u>6</u></u>	<u><u>11</u></u>	<u><u>(3)</u></u>	<u><u>8</u></u>

The company has recognised the potential deferred tax asset of £8,000 (2017 £10,630) as at the year-end, as the directors of the company consider it to be more likely than not that the asset will crystallise in the foreseeable future.

It is estimated that deferred tax of £1,700 will reverse over the next twelve months.

18 Called up share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid 72,748,240 (2017: 72,748,240) ordinary shares of £1 each	72,748	72,748
	<u><u>72,748</u></u>	<u><u>72,748</u></u>

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

19 Commitments

Following the purchase of Treerly Health Co. Limited in 2016, the company agreed to make up to USD \$36,000,000 of contingent milestone payments payable, pursuant to a product upgrade agreement, on a product by product basis. Milestone payments in the year amounted to USD \$6,800,000 (2017: USD \$900,000). The remaining contingent milestone payments payable was USD \$28,300,000 as at year-end.

20 Financial instruments

The analysis of the carrying amounts of the financial instruments of the group required under section 11 of FRS 102 is as follows:

Financial assets that are debt instruments measured at amortised cost

	2018 £'000	2017 £'000
Trade receivables	13,117	8,809
Cash and cash equivalents	-	51
Amounts owed by group undertakings	37,428	61,344
	<u> </u>	<u> </u>

All debtors are due within one year.

Amounts owed to group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged.

Financial liabilities that are debt instruments measured at amortised cost

	2018 £'000	2017 £'000
Trade payables	2,067	165
Amounts owed to group undertakings	25,351	31,001
	<u> </u>	<u> </u>

Financial liabilities measured at fair value

	2018 £'000	2017 £'000
Forward foreign exchange contracts (note 22)	105	(636)
	<u> </u>	<u> </u>

Amounts owed to group undertakings are unsecured. For amounts that are repayable on demand, notional interest is not applied. For term loans placed with fellow affiliates a commercial rate of interest is charged.

Pfizer Consumer Healthcare Limited

Notes (continued)

forming part of the financial statements

21 Pension scheme

Employees of the company participate in a defined contributions pension scheme operated by a fellow group undertaking. The pension cost charge represents contributions payable by the company to the scheme and amounted to £189,385 (2017: £nil).

22 Derivatives included at fair value

	Fair value asset/(liability)	
	2018	2017
	£000	£000
Forward foreign exchange contracts	105	(636)

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. As at the year end the company had open forward currency contracts in place with a fellow group company to buy and sell EUR and USD. The fair values of these contracts are based on market values of equivalent instruments at the balance sheet date.

23 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 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 24.

Pfizer Consumer Healthcare Limited

Notes *(continued)*

forming part of the financial statements

24 Ultimate parent undertaking

Pfizer Consumer Healthcare 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 Pharmaceuticals B.V., Rivium Westlaan, 142 Capelle aan den IJssel, 2909 LD, Netherlands, a company incorporated and registered in the Netherlands.

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.

25 Accounting estimates and judgements

The company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

Impairment of trade debtors

The company assesses its trade debtors on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

Impairment of intangible fixed assets

Each year, management reviews the recoverable amount of its intangible fixed assets, at a cash generating unit level, based upon projections of discounted future net revenues and compares that amount with the carrying amount of those assets. To the extent that the carrying amount exceeds the recoverable amount, management provides for the impairment identified; should conditions change such that the recoverable amount exceeds the carrying amount, then the carrying amount is written up to the lower of the depreciated original cost and the recoverable amount.

In undertaking calculations for the purposes of goodwill impairment tests, the following rules were applied:

- cash flow projections were prepared using the perpetuity method showing estimated revenues together with future operating costs based on budgeted information and adjusted for tax.
- an appropriate discount rate, adjusted for country and industry risks, of 6.7% was applied to the post tax cash flows. The equivalent pre-tax discount rate used was 12%.
- a cash generating unit was identified as the product acquired on acquisition of pharmaceutical businesses.
- sensitivities considered included variance in revenue, margin and discount rate.

In the opinion of the directors, intangible fixed assets are stated at the lower of their cost and net recoverable value.

Pfizer Consumer Healthcare Limited

Notes *(continued)*

forming part of the financial statements

26 Subsequent events

On 19 December 2018 Pfizer Inc., the ultimate parent company, entered into an agreement with GlaxoSmithKline plc to create a consumer healthcare joint venture. In 2019 the company agreed to sell the majority of company's consumer healthcare business, related assets and financial fixed assets, as set out below, to fellow group undertakings. On 24 May 2019 the company re-registered under the Companies Act 2006 as unlimited, under the name of Pfizer Consumer Healthcare.

On 14 March 2019 the company's immediate parent changed to Pfizer Pharmaceuticals Global B.V. from PF Consumer Healthcare B.V.

The financial fixed assets sold during 2019 involved the transfer of 100% of the company's share capital in the following entities to fellow group undertakings for consideration equal to or in excess of book value; Treerly Health Co.Limited, Wyeth Pharmaceutical Co.Limited, Upjohn (Thailand) Ltd (formerly PF Consumer Healthcare (Thailand) Limited), PF Consumer Healthcare New Zealand Limited, PF OFG Phillipines, Inc. (formerly PF Consumer Healthcare Phillipines Inc.), Pfizer (Malaysia) Sdn Bhd (formerly PF Healthcare Sdn Bhd.) and PF Consumer Healthcare Singapore PTE.LTD.

On 27 May 2019 the company agreed to transfer the majority of its consumer healthcare business to a fellow group undertaking, PF Consumer Healthcare UK Limited, at an agreed value of USD \$58,042,000. The company agreed to operate the business on behalf of the acquiring company during a transitional period and transfer the net economic benefit / cost of the business to the acquiring company during that period.

These steps form part of a Pfizer Inc. group reorganisation in preparation for, and part of, the creation of such a joint venture.

Separately, on 1 July 2019, the company agreed to transfer the economic benefit of the remaining business operation to a fellow group company, Upjohn UK Limited, at a principal value of £11,000,000. The company will continue to operate the business on behalf of the acquiring company and will transfer the net economic benefit / cost arising from this business to the acquiring company during a transitional period.