

Registered no: 1077587

**Teva Pharmaceuticals Limited**

**Annual report**

**for the year ended 31 December 1998**



# **Teva Pharmaceuticals Limited**

## **Annual report for the year ended 31 December 1998**

	<b>Pages</b>
<b>Directors and advisers</b>	1
<b>Directors' report</b>	2-3
<b>Report of the auditors</b>	4
<b>Profit and loss account</b>	5
<b>Balance sheet</b>	6
<b>Notes to the financial statements</b>	7-11

## **Directors and advisers**

### **Directors**

Eliahu Hurvitz  
Chaim Hurvitz  
Dan Suesskind  
Aaron Schwartz

### **Registered auditors**

PricewaterhouseCoopers  
Harman House  
1 George Street  
Uxbridge  
Middlesex  
UB8 1QQ

### **Secretary and registered office**

Gray's Inn Secretaries Limited  
Five Chancery Lane  
Clifford's Inn  
London  
EC4A 1BU

### **Solicitors**

Denton Hall  
Five Chancery Lane  
Clifford's Inn  
London  
EC4A 1BU

### **Bankers**

Barclays Bank plc  
36 Market Square  
Bicester  
Oxon  
OX6 7AQ

**Directors' report  
for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

**Principal activities**

The principal activity of the company is the marketing of pharmaceutical products within the UK.

**Review of business**

The directors expect the general levels of business activity to increase during the forthcoming year.

**Dividends**

The directors do not recommend the payment of a dividend (1997 : £Nil).

**Directors**

The directors of the company at 31 December 1998, all of whom have been directors for the whole year, are listed on page 1.

None of the directors had any interest in the share capital of the company at any time during the year.

**Year 2000**

Many computer systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our computer systems, but also to some degree on those of our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is participating in the Teva Pharmaceutical Industries Limited group programme designed to address the impact of the Year 2000 on all the group's businesses.

A Year 2000 Project has been established and a Corporate Year 2000 Officer has been nominated to coordinate the internal efforts and to ensure that the Information Systems, Factory Floor, Facilities, Supply Chain and daily operations experience a smooth transition to the 21<sup>st</sup> century. The Project is managed by a steering committee and is monitored by the internal auditor of the company.

Project leaders have been appointed in each of the Strategic Business Units (SBU), whose responsibility is to execute and control the Project and to report periodically to the Corporate Year 2000 Officer about the progress of the Project in the relevant SBU.

Recognising that we are dependent on the efforts of others, including our own suppliers, and the present state of testing tools and understanding of the Year 2000 problem, it is our objective to implement a successful Year 2000 Project and to continue regular business operations both during and after the millennium transition.

## Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

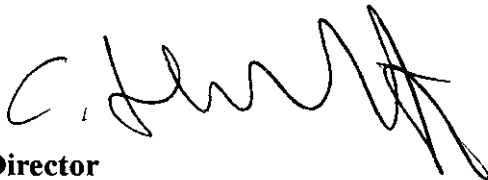
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

On 1 July 1998 Coopers & Lybrand merged with Price Waterhouse and a resolution to appoint the new firm PricewaterhouseCoopers will be proposed at the annual general meeting.

**By order of the Board**



**Director**

28 October 1999

## **Report of the auditors to the members of Teva Pharmaceuticals Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

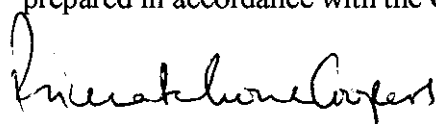
### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**West London**

23 October 1999

## Profit and loss account for the year ended 31 December 1998

	Notes	1998 £	1997 £
<b>Turnover</b>		<b>1,624,582</b>	1,968,419
Operating expenses	2	(1,520,572)	(1,864,650)
<b>Operating profit</b>		<b>104,010</b>	103,769
Interest receivable and similar income		4,225	5,603
Interest payable and similar charges	4	(1,312)	(941)
<b>Profit on ordinary activities before taxation</b>	5	<b>106,923</b>	108,431
Tax on profit on ordinary activities	6	(48,311)	(40,000)
<b>Retained profit for the financial year</b>		<b>58,612</b>	68,431
Retained profit brought forward		114,608	46,177
Retained profit at 31 December		<u>173,220</u>	<u>114,608</u>

All of the above results are derived from continuing operations.

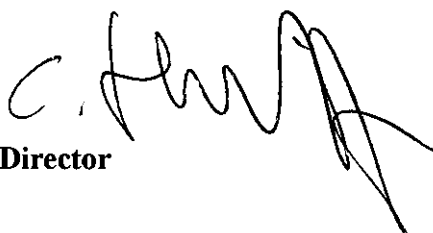
The company has no recognised gains or losses other than these reflected in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

**Balance sheet  
at 31 December 1998**

	Notes	1998 £	1997 £
<b>Fixed assets</b>	7	<u>7,999</u>	<u>6,828</u>
<b>Current assets</b>			
Debtors	8	844,682	604,433
Cash at bank and in hand		<u>91,063</u>	<u>213,433</u>
		935,745	817,866
<b>Creditors: amounts falling due within one year</b>	9	<u>(770,324)</u>	<u>(709,886)</u>
<b>Net current assets</b>		<u>165,421</u>	<u>107,980</u>
<b>Net assets</b>		<u>173,420</u>	<u>114,808</u>
<b>Capital and reserves</b>			
Called up share capital	10	200	200
Profit and loss account		<u>173,220</u>	<u>114,608</u>
<b>Equity shareholders' funds</b>	11	<u>173,420</u>	<u>114,808</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 28 October 1999 and were signed on its behalf by:



**Director**



**Notes to the financial statements  
for the year ended 31 December 1998****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

**Pension scheme**

The company operates a money purchase pension scheme for the benefit of employees of the company. Contributions are charged to the profit and loss account on a payable basis.

**Cash flow statement**

The company is a small company as defined by sections 246 to 249 of the Companies Act 1985. Consequently the company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

**Depreciation**

Depreciation is calculated, so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives at 15% per annum.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Research and development**

Research and development costs are written off as incurred.

## 2 Operating expenses

	1998 £	1997 £
<b>Operating expenses</b>		
Selling and marketing	593,792	579,887
Administration	212,517	351,238
Research and development	714,263	933,525
	<u>1,520,572</u>	<u>1,864,650</u>

## 3 Employee information

The average weekly number of persons (excluding executive directors) employed by the company during the year was:

	1998 Number	1997 Number
<b>By activity</b>		
Marketing	4	3
Research and development	3	2
Administration	1	1
	<u>8</u>	<u>6</u>
	1998 £	1997 £
<b>Staff costs (for the above persons)</b>		
Wages and salaries	203,335	175,041
Social security costs	18,727	18,123
Other pension costs	26,703	24,910
	<u>248,765</u>	<u>218,074</u>

None of the directors received any emoluments during the year (1997 : £Nil).

## 4 Interest payable and similar charges

	1998 £	1997 £
Bank charges	<u>1,312</u>	<u>941</u>

## 5 Profit on ordinary activities before taxation

	1998 £	1997 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors remuneration	3,000	7,293
Hire of equipment under operating lease	19,406	10,674
Depreciation	<u>3,450</u>	<u>1,112</u>

**6 Tax on profit on ordinary activities**

	1998 £	1997 £
United Kingdom corporation tax at 31% (1997 : 31.5%)	45,500	39,370
Under provision in respect of prior years	2,811	270
	<u>48,311</u>	<u>40,000</u>

**7 Fixed Assets**

	Computer equipment £	Fixtures & fittings £	Total £
<b>Cost</b>			
At 1 January 1998	6,450	1,965	8,415
Additions	4,408	213	4,621
<b>At 31 December 1998</b>	<u>10,858</u>	<u>2,178</u>	<u>13,036</u>
<b>Depreciation</b>			
At 1 January 1998	812	775	1,587
Charge for the year	2,750	700	3,450
<b>At 31 December 1998</b>	<u>3,562</u>	<u>1,475</u>	<u>5,037</u>
<b>Net book value</b>			
<b>At 31 December 1998</b>	<u>7,296</u>	<u>703</u>	<u>7,999</u>
 At 31 December 1997	 <u>5,638</u>	 <u>1,190</u>	 <u>6,828</u>

**8 Debtors**

	1998 £	1997 £
<b>Amounts falling due within one year</b>		
Trade debtors	-	115,005
Unbilled income	403,545	221,995
Amounts due from group undertakings	432,933	252,549
VAT recoverable	3,367	9,667
Prepayments	4,837	5,217
	<u>844,682</u>	<u>604,433</u>

**9 Creditors: amounts falling due within one year**

	1998 £	1997 £
Trade creditors	105,213	156,288
Amounts due to group undertakings	523,128	361,373
Corporation tax	45,500	39,730
Other taxation and social security	14,483	27,892
Accruals and deferred income	82,000	124,603
	<u>770,324</u>	<u>709,886</u>

**10 Called up share capital**

	1998 £	1997 £
Authorised, allotted, called up and fully paid 200 ordinary shares of £1 each	<u>200</u>	<u>200</u>

**11 Reconciliation of movements in shareholders' funds**

	1998 £	1997 £
Opening shareholders' funds	114,808	46,377
Profit for the financial year	<u>66,112</u>	<u>68,431</u>
Closing shareholders' funds	<u>180,920</u>	<u>114,808</u>

**12 Pensions**

The company operates a defined contribution scheme for its employees. The assets of the scheme are held in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £22,063 (1997 : £21,118).

**13 Financial commitments**

At 31 December 1998, the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
<b>Plant and machinery</b>		
Expiring within one year	-	5,170
Expiring between two and five years inclusive	<u>3,756</u>	<u>8,688</u>
	<u>3,756</u>	<u>13,858</u>

**14 Ultimate parent company**

The company is a wholly owned subsidiary of Orvet B.V., Mijdrecht, The Netherlands.

The ultimate holding company and controlling party is Teva Pharmaceutical Industries Limited, Tel Aviv, Israel, in whose accounts the company's results are consolidated.

Copies of the consolidated accounts can be obtained from Teva Pharmaceuticals Limited, PO Box 684, High Wycombe, Bucks HP13 7SS.

## **15 Related party transactions**

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing details of transactions with either its parent company, or fellow subsidiaries.