

Registered no: 1077587

Teva Pharmaceuticals Limited

Annual report

for the year ended 31 December 1999



Teva Pharmaceuticals Limited

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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 1999**

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the company is in research and 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.

Results and dividends

The company's profit for the financial year is £205,213 (1998: £173,220). The directors do not recommend the payment of a dividend (1998 : £Nil).

Directors

The directors of the company at 31 December 1999, 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

The year 2000 programme reported in last year's accounts has proved successful with no major problems experienced throughout the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Director

17 November 2000

**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. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 1999 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

17 November 2000

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover		1,023,484	1,624,582
Operating expenses	2	(974,156)	(1,520,572)
Operating profit		49,328	104,010
Interest receivable and similar income		2,400	4,225
Interest payable and similar charges	4	(735)	(1,312)
Profit on ordinary activities before taxation	5	50,993	106,923
Tax on profit on ordinary activities	6	(19,000)	(48,311)
Retained profit for the financial year		31,993	58,612
Retained profit at 1 January		173,220	114,608
Retained profit at 31 December		<u>205,213</u>	<u>173,220</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 1999**

	Notes	1999 £	1998 £
Fixed assets	7	<u>6,174</u>	<u>7,999</u>
Current assets			
Debtors	8	942,508	844,682
Cash at bank and in hand		<u>49,131</u>	<u>91,063</u>
		991,639	935,745
Creditors: amounts falling due within one year	9	<u>(792,400)</u>	<u>(770,324)</u>
Net current assets		<u>199,239</u>	<u>165,421</u>
Net assets		<u>205,413</u>	<u>173,420</u>
Capital and reserves			
Called up share capital	10	200	200
Profit and loss account		<u>205,213</u>	<u>173,220</u>
Equity shareholders' funds	11	<u>205,413</u>	<u>173,420</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 17 November 2000 and were signed on its behalf by:

Director



**Notes to the financial statements
for the year ended 31 December 1999****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 (Revised) 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.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the exchange differences arising are taken to the profit and loss account in the year in which they arise.

Deferred taxation

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that it is probable that a liability will crystallise. Provisions are made at rates expected to be applicable when this occurs.

2 Operating expenses

	1999 £	1998 £
Operating expenses		
Selling and marketing	357,950	593,792
Administration	77,791	212,517
Research and development	538,415	714,263
	<u>974,156</u>	<u>1,520,572</u>

3 Employee information

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

	1999 Number	1998 Number
By activity		
Marketing	2	4
Research and development	1	3
Administration	-	1
	<u>3</u>	<u>8</u>

	1999 £	1998 £
Staff costs (for the above persons)		
Wages and salaries	127,906	203,335
Social security costs	18,259	18,727
Other pension costs	20,156	26,703
	<u>166,321</u>	<u>248,765</u>

None of the directors received any emoluments during the year (1998 : £Nil).

4 Interest payable and similar charges

	1999 £	1998 £
Bank charges	<u>735</u>	<u>1,312</u>

5 Profit on ordinary activities before taxation

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors remuneration	3,000	3,000
Hire of equipment under operating lease	8,816	19,406
Depreciation	2,503	3,450

6 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 30.25% (1998 : 31%)	19,000	45,500
Under provision in respect of prior years	-	2,811
	<u>19,000</u>	<u>48,311</u>

7 Fixed Assets

	Computer Equipment	Fixtures & Fittings	Total
	£	£	£
Cost			
At 1 January 1999	10,858	2,178	13,036
Additions	678	-	678
At 31 December 1999	<u>11,536</u>	<u>2,178</u>	<u>13,714</u>
Depreciation			
At 1 January 1999	3,562	1,475	5,037
Charge for the year	1,800	703	2,503
At 31 December 1999	<u>5,362</u>	<u>2,178</u>	<u>7,540</u>
Net book value			
At 31 December 1999	<u>6,174</u>	<u>-</u>	<u>6,174</u>
 At 31 December 1998	<u>7,296</u>	<u>703</u>	<u>7,999</u>

8 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Unbilled income	403,545	403,545
Amounts due from group undertakings	529,410	432,933
VAT recoverable	8,450	3,367
Prepayments	1,103	4,837
	<u>942,508</u>	<u>844,682</u>

9 Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	84,589	105,213
Amounts due to group undertakings	581,797	523,128
Corporation tax	16,398	45,500
Other taxation and social security	12,321	14,483
Accruals and deferred income	75,492	82,000
Other creditors	21,803	-
	<u>792,400</u>	<u>770,324</u>

10 Called up share capital

	1999 £	1998 £
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

	1999 £	1998 £
Opening shareholders' funds	173,420	114,808
Profit for the financial year	31,993	58,612
Closing shareholders' funds	<u>205,413</u>	<u>173,420</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 £20,156 (1998 : £22,063).

13 Financial commitments

At 31 December 1999, the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Plant and machinery		
Expiring within one year	3,443	-
Expiring between two and five years inclusive	11,814	3,756
	<u>15,257</u>	<u>3,756</u>

14 Ultimate parent company

The company is a wholly owned subsidiary of Teva Pharmaceuticals Europe BV, 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.