

Registered no: 1077587

Teva Pharmaceuticals Limited
Annual report
for the year ended 31 December 2007



Teva Pharmaceuticals Limited

Annual report for the year ended 31 December 2007

Table of contents

| | Pages |
|---|--------------|
| Directors and advisors | 1 |
| Directors' report | 2 – 3 |
| Independent auditors' report to the members of Teva Pharmaceuticals Limited | 4 |
| Profit and loss account | 5 |
| Statement of total recognised gains and losses | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 – 15 |

Teva Pharmaceuticals Limited

Directors and advisors

Directors

T Andriessen
P Horsman
M Manor
G Wright

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Company secretary and Registered office

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

Solicitors

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

Bankers

Barclays Bank plc
36 Market Square
Bicester
Oxon
OX6 7AQ

Teva Pharmaceuticals Limited

Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2007.

Business review and principal activities

The principal activities of the company are to carry out clinical trials and the marketing of pharmaceutical products within the UK.

Results for the year

The company's profit for the financial year is £127k (2006 £242k) which will be transferred to reserves. The directors do not recommend the payment of a dividend (2006 £Nil).

Business environment

The company markets Copaxone[®], a treatment for relapsing remitting multiple sclerosis (RRMS). The directors anticipate that the number of people with RRMS treated with Copaxone will continue to increase in 2008 - 2009

The company also markets Azilect[®], a treatment for Parkinson's disease. This is a relatively new drug launched in 2005 and it is hoped that sales will continue to increase in 2008.

The company also performs clinical trials into potential therapies for diseases of the central nervous system and autoimmune conditions. If the trials are successful these drugs may be marketed by the company in the future.

Future developments

The company will continue to market Copaxone[®] and Azilect[®] and will continue to manage clinical research trials into innovative drugs.

Key performance indicators ("KPI")

KPI's are monitored by group management at group level (Teva Pharmaceuticals Industries Limited) and local management are responsible for the day to day activities of the company. The performance of the company is driven by the amount of expenses incurred all of which are then recharged to the parent company. The activities of the company are dependent on total group activity.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring company financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Teva group's treasury department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Directors

The directors of the company during the year and up to the date of signing the financial statements were as follows:

T Andriessen
P Horsman
M Manor
G Wright

Teva Pharmaceuticals Limited

Directors' report for the year ended 31 December 2007 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Directors' statement on disclosure of information to auditors

All directors at the time this report is approved, confirm that:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Independent auditors

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

On behalf of the Board



Glyn Wright
Director

22 December 2008

Independent auditors' report to the members of Teva Pharmaceuticals Limited

We have audited the financial statements of Teva Pharmaceuticals Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

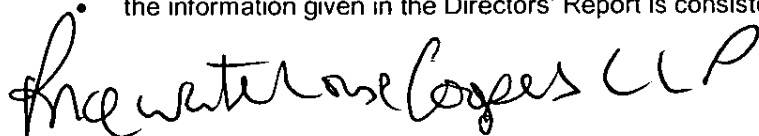
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
West London

23 December 2008

Teva Pharmaceuticals Limited

Profit and loss account for the year ended 31 December 2007

| | Note | 2007 £'000 | 2006 £'000 (Restated Note 1) |
|--|-----------|---------------|---------------------------------------|
| Turnover | | 6,681 | 6,593 |
| Operating expenses | 2 | (6,513) | (6,375) |
| Operating profit | | 168 | 218 |
| Interest receivable and similar income | 5 (a) | 65 | 49 |
| Interest payable and similar charges | 5 (b) | (15) | (18) |
| Profit on ordinary activities before taxation | 6 | 218 | 249 |
| Tax charge on profit on ordinary activities | 7 | (91) | (7) |
| Profit for the financial year | 12 | 127 | 242 |

All of the above results are derived from continuing operations.

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

Statement of total recognised gains and losses for the year ended 31 December 2007

| | 2007 £'000 | 2006 £'000 (Restated Note 1) |
|---|---------------|---------------------------------------|
| Profit for the financial year | 127 | 242 |
| Total gains recognised for the period | 127 | 242 |
| Prior period adjustment (note 1) | (355) | |
| Total recognised gains/losses relating to the year | (228) | |

Teva Pharmaceuticals Limited

Balance sheet as at 31 December 2007

| | Note | 2007 £'000 | 2006 £'000 (Restated Note 1) |
|---|------|---------------|---------------------------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 397 | 380 |
| Current assets | | | |
| Debtors | 9 | 1,199 | 1,751 |
| Cash at bank and in hand | | 1,488 | 1,394 |
| | | 2,687 | 3,145 |
| Creditors: amounts falling due within one year | 10 | (1,076) | (1,721) |
| Net current assets | | 1,611 | 1,424 |
| Total assets less current liabilities | | 2,008 | 1,804 |
| Capital and reserves | | | |
| Called up share capital | 11 | - | - |
| Profit and loss reserve | 12 | 2,008 | 1,804 |
| Total Equity shareholders' funds | 13 | 2,008 | 1,804 |

The financial statements on pages 5 to 15 were approved by the board of directors on 22 December 2008 and were signed on its behalf by:


Glyn Wright
Director

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

The financial statements have been prepared on the going concern basis under the historic cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently through the year are set out below.

Prior period adjustment

The prior year adjustment relates to the reduction in revenue relating to the release of an accrual in 2006. The accrual was released in 2006, however, the corresponding re-charge credit was not adjusted for in the revenue line resulting in an overstatement of revenue of £355k and amounts receivable from group companies. This was identified and adjusted during the current year and disclosed as a prior period adjustment and comparatives have restated to include this adjustment.

| | Year ended 31 December 2006 | | |
|----------------------------------|-----------------------------|-----------------|--------------|
| | Revenue | Retained profit | Net Assets |
| | £'000 | £'000 | £'000 |
| As previously reported | 6,948 | 2,159 | 2,159 |
| Effects of prior year adjustment | (355) | (355) | (355) |
| Restated | 6,593 | 1,804 | 1,804 |

Turnover

Turnover represents the invoiced and accrued value of goods and services provided to Teva Pharmaceutical Industries Limited (ultimate parent company) in accordance with the agreement for conducting clinical trials and marketing of pharmaceutical products. The directors consider the recharge to be on an arms length basis. All turnover is derived in the United Kingdom.

Pension scheme

The company participates in a money purchase pension scheme for the benefit of employees of the company. The schemes assets are held in a separately administered fund. The company's contributions are charged to the profit and loss account in the year to which they relate.

Cash flow statement

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited and is included in their consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash flow statements".

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful economic lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Straight line annual rates of depreciation used are:

| | |
|-----------------------|-------------------|
| Computer equipment | 20%-50% per annum |
| Fixtures and fittings | 10% per annum |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Principal accounting policies (continued)

Share based payments

The company's parent undertaking, Teva Pharmaceutical Industries Limited, issues share options to certain employees which are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in profit and loss reserve. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The fair values of these payments are measured at the dates of grant and are recognised over the period during which employees become unconditionally entitled to the awards. At each balance sheet date, Teva Pharmaceuticals Limited revises its estimates of the number of options that are expected to vest and the company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to profit and loss account reserve.

Operating leases

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

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

2 Operating expenses

| | 2007 £'000 | 2006 £'000 (Restated) |
|-----------------------------|---------------|-----------------------------|
| Operating expenses | | |
| Selling and marketing | 3,906 | 3,867 |
| Administrative expenses | 1,054 | 968 |
| Clinical trials expenditure | 1,553 | 1,540 |
| | <hr/> 6,513 | <hr/> 6,375 |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

3 Directors' emoluments

During the year, one director received emoluments in respect of services to the company of £141,969 (2006: £123,132). Contributions of £16,854 (2006: £14,650) were received by one director in respect of money purchase pension schemes. Retirement benefits are accruing to one (2006: one) director under a money purchase pension scheme. Four (2006: Four) directors were entitled to shares under a long term incentive scheme.

The remuneration relating to other directors were paid by parent company for their services to the group as a whole and cannot be allocated to the group companies.

4 Employee information

The average monthly number of persons (excluding executive directors) employed by the company during the year, split by activity was:

| | 2007 No. | 2006 No. |
|--------------------|-------------|-------------|
| By activity | | |
| Marketing | 22 | 20 |
| Clinical trials | 7 | 8 |
| Finance | 3 | 2 |
| | 32 | 30 |

| | 2007 £'000 | 2006 £'000 (Restated) |
|--|---------------|-----------------------------|
| Staff costs (for the above persons) | | |
| Wages and salaries | 1,826 | 1,691 |
| Social security costs | 241 | 196 |
| Pension costs (note 13) | 152 | 145 |
| | 2,219 | 2,032 |

Included in wages and salaries is a total expense relating to share-based payments of £76,781 (2006: £29,577). All of this expense arises from transactions accounted for as share based payments.

5 (a) Interest receivable and similar income

| | 2007 £'000 | 2006 £'000 (Restated) |
|---------------|---------------|-----------------------------|
| Bank interest | 65 | 49 |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

5 (b) Interest payable and similar charges

| | 2007 £'000 | 2006 £'000 (Restated) |
|--|---------------|-----------------------------|
| Bank charges | 3 | 5 |
| Interest payable to group undertakings | 12 | 13 |
| | 15 | 18 |

6 Profit on ordinary activities before taxation

| | 2007 £'000 | 2006 £'000 (Restated) |
|---|---------------|-----------------------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation of tangible fixed assets | | |
| - Owned assets | 106 | 64 |
| Operating lease charges | | |
| - Plant and machinery | 93 | 97 |
| - Other | 266 | 121 |
| Auditors' remuneration: | | |
| - Audit services | 15 | 32 |

7 Tax on profit on ordinary activities

| | 2007 £'000 | 2006 £'000 (Restated) |
|--|---------------|-----------------------------|
| Current tax | | |
| UK corporation tax on profits of the year | 90 | - |
| Adjustment in respect of previous years | - | - |
| Total current tax | 90 | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 1 | 7 |
| Total deferred tax (note 9) | 1 | 7 |
| Tax on profit on ordinary activities | 1 | 7 |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

Factors affecting current tax charge for the year

The tax assessed for the year is lower (2006: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | 2007 £'000 | 2006 £'000 (Restated) |
|---|---------------|-----------------------------|
| Profit on ordinary activities before tax | 218 | 249 |
| Profit on ordinary activities multiplied by standard rate in the UK 30% (2006: 30%) | 65 | 75 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 107 | 31 |
| Capital allowances in excess of depreciation | (10) | (35) |
| FRS 20 adjustment | - | 9 |
| Other timing allowances | (72) | (9) |
| Group tax relief | - | (71) |
| Current tax (credit)/charge for the year | 90 | - |

8 Tangible assets

| | Computer Equipment £'000 | Fixtures & Fittings £'000 | Total £'000 |
|---------------------------------|--------------------------------|---------------------------------|----------------|
| Cost | | | |
| At 1 January 2007 | 496 | 212 | 708 |
| Additions | 111 | 12 | 123 |
| At 31 December 2007 | 607 | 224 | 831 |
| Accumulated depreciation | | | |
| At 1 January 2007 | 283 | 45 | 328 |
| Charge for the year | 89 | 17 | 106 |
| At 31 December 2007 | 372 | 62 | 434 |
| Net book value | | | |
| At 31 December 2007 | 235 | 162 | 397 |
| At 31 December 2006 | 213 | 167 | 380 |

9 Debtors

| | 2007 £'000 | 2006 £'000 (Restated) |
|-------------------------------------|---------------|-----------------------------|
| Amounts due from group undertakings | 616 | 1,336 |
| VAT recoverable | 379 | 183 |
| Corporation tax | 70 | 130 |
| Prepayments | 120 | 87 |
| Deferred tax asset | 14 | 15 |
| | 1,199 | 1,751 |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

Amounts due from group undertakings are unsecured, interest-free and have no fixed date of repayment.

The deferred tax asset comprises:

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Excess of capital allowances over depreciation | 14 | 10 |
| Other timing differences | - | 5 |
| | <u>14</u> | <u>15</u> |

The movement on deferred taxation comprises:

| | £'000 |
|---|------------------|
| At 1 January 2007 | 15 |
| Debited to profit and loss account (note 7) | (1) |
| At 31 December 2007 | <u>14</u> |

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements. Accordingly, there are no unrecognised deferred tax assets as at balance sheet date (2006: Nil).

10 Creditors: amounts falling due within one year

| | 2007 £'000 | 2006 £'000 |
|-----------------------------------|---------------|---------------|
| Trade creditors | - | 6 |
| Amounts due to group undertakings | 11 | 241 |
| Corporation Tax | 98 | - |
| Taxation and social security | 213 | 56 |
| Other creditors | 15 | 16 |
| Accruals | 739 | 1,402 |
| | <u>1,076</u> | <u>1,721</u> |

An unsecured intercompany loan of £210,000 was repaid during the year.

11 Called up share capital

| | 2007 £ | 2006 £ |
|--|------------|------------|
| Authorised | | |
| 200 ordinary shares of £1 each | <u>200</u> | <u>200</u> |
| Called up, allotted, and fully paid | | |
| 200 ordinary shares of £1 each | <u>200</u> | <u>200</u> |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Profit and loss reserve

| | 2007 £'000 |
|--|---------------|
| At 1 January 2007 – as stated previously | 2,159 |
| Prior period adjustment (note 1) | (355) |
| At 1 January 2007 - Restated | 1,804 |
| Retained profit for the financial year | 127 |
| Share based payments credit (FRS 20) | 77 |
| At 31 December 2007 | 2,008 |

13 Reconciliation of movements in shareholders' funds

| | 2007 £'000 | 2006 £'000 (Restated) |
|---|---------------|-----------------------------|
| Opening shareholders' fund as previously reported | 2,159 | 1,532 |
| Prior period adjustment (note 1) | (355) | - |
| Opening shareholders' fund as restated | 1,804 | 1,532 |
| Share based payments credit (FRS 20) | 77 | 30 |
| Profit for the year | 127 | 242 |
| Closing shareholders' funds | 2,008 | 1,804 |

14 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 £151,879 (2006: £144,973). There was £14,498 (2006: £15,050) of contributions outstanding at the year end.

15 Financial commitments

At 31 December 2007, the company had annual commitments under non-cancellable operating leases expiring as follows:

| | 2007 £'000 | 2006 £'000 |
|---|---------------|---------------|
| Expiring within one year | | |
| - Land and building | - | - |
| - Other | 61 | 18 |
| Expiring between two and five years inclusive | | |
| - Land and building | 138 | 138 |
| - Other | 32 | 87 |
| | 231 | 243 |

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

16 Related party transactions

The company is exempt under the terms of Financial Reporting Standard No 8 "Related party transactions" from disclosing related party transactions with entities that are part of Teva Pharmaceutical Industries Limited or its subsidiaries, as it is a wholly-owned subsidiary of Teva Pharmaceutical Industries Limited whose consolidated financial statements are publicly available.

17 Relationships with patient organisations

The company provides financial support by way of sponsorship of meetings and events and other donations to the following patient organisations:-

The Multiple Sclerosis Trust
The Multiple Sclerosis Society
The Parkinson's Disease Society

18 Share based payments

Employee stock option scheme

Certain senior employees of the company are entitled to share options and restricted stock units ("RSUs") in the ultimate parent company. Options are granted with a fixed exercise price equal to closing NASDAQ share price at the date of grant. The contractual life of an option and RSU is 5-7 years. Options and RSUs granted will become exercisable in equal proportions on the second, third and fourth anniversary of the date of grant. Exercise of an option and RSU is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations.

There are no other features, other than those stated above which require incorporation into the measurement of fair value. No modifications were made to the options since the date of grant.

The table below summarises the share based payment awards under this scheme that were made in 2007 and 2006, together with the assumptions that have been used to calculate the fair values.

| | 2007 | 2006 |
|-------------------------------|------------------|-----------------|
| Date of grant | 18 December 2007 | 7 December 2006 |
| Number granted | 14,105 | 9,435 |
| Fair Value per option | £5.65 | £4.52 |
| Share price at grant | £22.48 | £16.40 |
| Exercise price | £22.48 | £16.40 |
| Number of employees | 2 | 5 |
| Expected volatility (%pa) | 24% | 25% |
| Expected dividends (%pa) | 0.9% | 0.9% |
| Risk-free interest rate (%pa) | 3.7% | 4.4% |
| Contractual Life | 5-7 years | 5-7 years |
| Vesting period | 3 years | 3 years |
| Expected life | 5 years | 5 years |

Expected volatility is based on an analysis of the parent company's historical daily share price volatility. The risk-free interest rate is based on observed interest rates appropriate for the expected term of the stock options granted.

Teva Pharmaceuticals Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

18 Share based payments (continued)

At 31 December 2007, options of 52,548 (2006: 45,435) shares in the company's ultimate parent were outstanding and comprised:

| | Year of Grant | Exercise Period | Exercise Price £ | Number of Options 2007 | Number of Options 2006 |
|----------------------------|---------------|-----------------|---------------------|---------------------------|---------------------------|
| Employee Stock Option Plan | 2002 | 5-7 years | 7.68 | 8,000 | 12,000 |
| Employee Stock Option Plan | 2003 | 5-7 years | 34.42 | 8,000 | 8,000 |
| Employee Stock Option Plan | 2004 | 5-7 years | 16.10 | 8,000 | 8,000 |
| Employee Stock Option Plan | 2005 | 5-7 years | 21.83 | 6,000 | 8,000 |
| Employee Stock Option Plan | 2006 | 5-7 years | 16.40 | 8,443 | 9,435 |
| Employee Stock Option Plan | 2007 | 5-7 years | 22.48 | 14,105 | - |
| | | | | 52,548 | 45,435 |

The table below shows the movement in the number and weighted average exercised prices ('WAEP') of options outstanding:

| | Number | 2007 Weighted average exercise price | Number | 2006 Weighted average exercise price |
|----------------------------|---------------|--|---------------|--|
| Outstanding at 1 January | 45,435 | \$23.56 | 36,000 | \$21.27 |
| Granted | 14,105 | \$42.44 | 9,435 | \$23.08 |
| Exercised | 4,000 | \$15.10 | - | - |
| Forfeited | 2,992 | \$40.06 | - | - |
| Outstanding at 31 December | 52,548 | \$31.83 | 45,435 | \$23.56 |
| Exercisable at 31 December | 24,000 | \$24.24 | 16,000 | \$18.02 |

The weighted average fair value of options granted in the year was \$17.15 (2006: \$13.96). The total charge for the year relating to employee share based payment plans was £76,781 (2006: £ 29,577), all of which related to equity-settled share based payment transactions.

19 Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Teva Pharmaceutical Industries Limited incorporated in Tel Aviv, Israel. The company's immediate parent undertaking is Teva Pharmaceuticals Europe BV incorporated in Mijdrecht, The Netherlands. Teva Pharmaceutical Industries Limited is the smallest and largest group to consolidate these financial statements.

Copies of the consolidated financial statements of Teva Pharmaceutical Industries Limited may be obtained from Teva Pharmaceuticals Limited, The Gate House, Gatehouse Way, Aylesbury, Bucks, HP19 8DB.