

Registered Number 3188178

Orvet UK Limited

Annual report

for the year ended 31 December 2002



RID	*R070A000*	0408
COMPANIES HOUSE		31/1/04
A07	*ANNDG89E*	0301
COMPANIES HOUSE		02/02/04

07/02/04

# **Orvet UK Limited**

## **Annual report for the year ended 31 December 2002**

### **Contents**

Directors and advisers .....	1
Directors' report for the year ended 31 December 2002 .....	2
Independent auditors' report to the members of Orvet UK Limited.....	3
Profit and loss account for the year ended 31 December 2002.....	4
Balance sheet as at 31 December 2002.....	5
Accounting policies .....	6
Notes to the financial statements for the year ended 31 December 2002 .....	7

# **Orvet UK Limited**

## **Directors and advisers**

### **Directors**

T Andriessen  
J Beighton  
P Horsman  
M Mann

### **Secretary**

Gray's Inn Secretaries Limited  
Five Chancery Lane  
Cliffords Inn  
LONDON  
EC4A 1BU

### **Auditors**

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
LEEDS  
LS1 4JP

### **Bankers**

Lloyds TSB Bank Plc  
Bailey Drive  
Gillingham Business Park  
KENT  
ME8 0LS

The Sumitomo Bank Limited  
Temple Court  
11 Queen Victoria Street  
LONDON  
EC4N 4TA

### **Registered Office**

Leeds Business Park  
18 Bruntcliffe Way  
Morley  
LEEDS  
LS27 0JG

### **Registered Number**

3188178

# Orvet UK Limited

## Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

### Principal activities

Orvet UK Limited is a holding company with operating subsidiaries engaged in the packaging and distribution of pharmaceutical products. The directors expect that this activity will continue for the foreseeable future.

### Review of business

The profit and loss account for the year is set out on page 4.

The directors are satisfied with the company's activities during the year and with the financial position at 31 December 2002.

### Dividends

The directors do not recommend the payment of a dividend (2001: £Nil).

### Directors

The directors who held office during the year are listed below:

C Hurvitz	(resigned 31 October 2002)
T Andriessen	
A G Kay	(resigned 31 October 2002)
J Beighton	(appointed 31 October 2002)
P Horsman	
M Mann	(appointed 31 October 2002)

None of the directors in office at 31 December 2002 had any interests in the share capital of the company during the year, or in the share capital of any group company incorporated in Great Britain.

### 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 period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

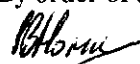
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of FRS19 "Deferred tax" as explained on page 6 under 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

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 LLP, 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



**P Horsman**  
Director

30 January 2004

# **Orvet UK Limited**

## **Independent auditors' report to the members of Orvet UK Limited**

We have audited the financial statements on pages 4 to 11.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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.

### **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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Leeds

30 January 2004

## Orvet UK Limited

### Profit and loss account for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Net operating expenses	1	(35)	(7)
Income from shares in group undertakings		16,152	3,931
<b>Operating profit/(loss)</b>		<b>16,117</b>	<b>3,924</b>
Profit on sale of shares in group undertakings	7	137,146	-
Profit on ordinary activities before interest and taxation		153,263	3,924
Interest payable and similar charges	4	(939)	(1,193)
<b>Profit on ordinary activities before taxation</b>	5	<b>152,324</b>	<b>2,731</b>
Tax credit on profit on ordinary activities	6	1,507	987
<b>Profit for the financial year</b>		<b>153,831</b>	<b>3,718</b>
Dividends paid		(13,885)	-
<b>Retained profit for the financial year</b>	12	<b>139,946</b>	<b>3,718</b>

All of the activities during the two years shown above relate to continuing operations.

The company has no recognised gains and losses other than those included above and therefore 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 financial year stated above and their historical cost equivalents.

# Orvet UK Limited

## Balance sheet as at 31 December 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Investments	7	2,274,985	61,200
<b>Current assets</b>			
Debtors	8	176,277	3,589
Cash at bank and in hand		4	4
		<b>176,281</b>	<b>3,593</b>
<b>Creditors - amounts falling due within one year</b>	9	<b>(39,513)</b>	<b>(40,804)</b>
<b>Net current assets/ (liabilities)</b>		<b>136,768</b>	<b>(37,211)</b>
<b>Total assets less current liabilities</b>		<b>2,411,753</b>	<b>23,989</b>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Share premium account	12	204,818	27,164
Merger reserve	12	2,070,164	-
Profit and loss account	12	136,771	(3,175)
<b>Equity shareholders' funds</b>		<b>2,411,753</b>	<b>23,989</b>

The financial statements on pages 4 to 11 were approved by the board of directors on 30 January 2004 and were signed on its behalf by:



**P Horsman**  
Director

# **Orvet UK Limited**

## **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 have been prepared in accordance with the historical cost convention.

### **Consolidation exemption**

The financial statements contain information about Orvet UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its immediate parent company, Teva Pharmaceuticals Europe BV, a company incorporated in Holland.

### **Cash flow statement**

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection. Consequently, the company is exempt under the terms of Financial Reporting Standard Number 1 (revised), from publishing a cash flow statement.

### **Deferred taxation**

The company has adopted FRS 19 "Deferred taxation" and this is reflected in these financial statements. Deferred tax is now provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Previously, provision was made for deferred taxation using the liability method on all material timing differences, to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. The adoption of FRS 19 reflects a change in accounting policy. This change in accounting policy has no material effect on the results of the prior year and consequently the prior year figures have not been restated. There is also no material effect on the current year results.

### **Foreign currencies**

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction, except where they are covered by forward exchange contracts where the contracted rates of exchange are used. Assets and liabilities are translated into sterling at rates of exchange ruling at the balance sheet date. All currency profits and losses are dealt with in the profit and loss account.



# Orvet UK Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Net operating expenses

	2002 £'000	2001 £'000
Administrative expenses	35	7

### 2 Directors' emoluments

None of the directors received any remuneration for their services to the company during the year (2001: £Nil).

The emoluments of Mr A G Kay, P Horsman and Mr J Beighton were paid by the subsidiary undertaking, Approved Prescription Services Limited. The aforementioned directors were directors of a number of group undertakings in the United Kingdom during the year and it is not possible to make an accurate apportionment of their emoluments in respect of each undertaking. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the subsidiary undertaking, Approved Prescription Services Limited.

### 3 Employee information

The company has no employees other than directors (2001: None).

### 4 Interest payable and similar charges

	2002 £'000	2001 £'000
On bank loans and overdrafts	905	1,193
Intercompany	34	-
	939	1,193

### 5 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for:		
Audit	-	1
Other services	40	-

The auditors remuneration for the year was borne by the subsidiary undertaking, Approved Prescription Services Limited.

# Orvet UK Limited

## 6 Tax credit on profit on ordinary activities

	2002 £'000	2001 £'000
<b>Tax on ordinary activities</b>		
United Kingdom corporation tax at 30% (2001: 30%):		
Group relief receivable	282	87
Overseas tax recoverable	1,225	900
<b>Total current year tax credit</b>	<b>1,507</b>	<b>987</b>

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	152,324	2,731
Profit on ordinary activities multiplied by standard rate in the UK of 30%	45,697	819
Effects of:		
Permanent differences	(4,836)	(1,179)
Profit on sale of shares in group undertakings	(41,143)	-
Deferred tax movement not recognised	-	273
Excess foreign taxes	(1,225)	(900)
<b>Total current tax credit</b>	<b>(1,507)</b>	<b>(987)</b>

## 7 Fixed asset investments

### Shares in group undertakings

Cost and net book value	£'000
At 1 January 2002	61,200
Additions	2,247,821
Disposals	(34,036)
<b>At 31 December 2002</b>	<b>2,274,985</b>

On 18 November 2002, the company acquired 100% of the type 'B' equity shares of Teva Pharmaceutical Finance BV. The consideration of £3,000 remains outstanding.

An intermediate holding company, Approved Prescription Services (Holdings) Limited, was established during the period. The consideration of £1 remains on the intercompany account.

On 23 December 2002, the company sold its interests in Approved Prescription Services Limited and APS/Berk Limited to Approved Prescription Services (Holdings) Limited. The consideration of £171.2 million is outstanding, and resulted in the recording of a profit on sale as disclosed in the face of the profit and loss account.

On 24 December 2002, the company acquired 100% of the issued share capital of Teva Pharmaceuticals USA Inc. The consideration of US\$3.6 billion was settled by the issue of 100 ordinary shares in the company.

# Orvet UK Limited

## 7 Fixed assets investments (continued)

### Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by the company	Proportion of nominal value of issued shares held by subsidiary undertakings
Teva Pharmaceuticals USA	USA	Common stock	100%	-
Berk Pharmaceuticals Limited	Great Britain	Ordinary £1 shares	-	100%
Prosintex ICI, Srl	Italy	1 ordinary share	100%	-
Teva Pharmaceutical Finance BV	Netherlands Antilles	B shares	100%	-
Approved Prescription Services (Holdings)	Great Britain	Ordinary £1 shares	100%	-

The principal business activities of the subsidiary undertakings are as follows:

- Berk Pharmaceuticals Limited - dormant
- Prosintex ICI, Srl - manufacture and distribution of pharmaceutical products
- Teva Pharmaceuticals USA – development, manufacture and marketing of generic pharmaceutical products
- Approved Prescription Services (Holdings) Limited – intermediate parent company
- Teva Pharmaceutical Finance BV – financing activities

## 8 Debtors

	2002 £'000	2001 £'000
<b>Amounts falling due within one year</b>		
Group relief recoverable	2,971	2,689
Overseas tax recoverable	2,125	900
Amounts owed by fellow subsidiary undertakings	171,181	-
	176,277	3,589

## 9 Creditors – amounts falling due within one year

	2002 £'000	2001 £'000
Bank loans	19,047	21,030
Amounts owed to fellow subsidiary undertakings	20,284	19,567
Accruals and deferred income	182	207
	39,513	40,804

The bank loans are repayable on demand and are renewed every three months. They are guaranteed by Teva Pharmaceutical Industries Limited, the ultimate parent undertaking.

# Orvet UK Limited

## 10 Provisions for liabilities and charges

### Deferred taxation

The amount of the unrecognised deferred taxation asset is as follows:

	Amount unrecognised	
	2002	2001
	£'000	£'000
Tax effect of timing differences because of:		
Losses	535	590

## 11 Called up share capital

	2002	2001
	£	£
<b>Authorised</b>		
100 ordinary shares of £1 each	200	100
<b>Allotted, called up and fully paid</b>		
128 (2001: 28) ordinary shares of £1 each	128	28

On 24 December 2002, the authorised share capital was increased to 200 ordinary shares of £1 each on the same date, 100 ordinary shares of £1 each were allotted to satisfy the consideration payable in respect of the acquisition of Teva Pharmaceuticals USA (see note 7).

## 12 Reserves

	Share premium account	Merger reserve	Profit and loss account
	£'000	£'000	£'000
At 1 January 2002	27,164	-	(3,175)
Shares issued during the year	177,654	2,070,164	-
Retained profit for the financial year	-	-	139,946
<b>At 31 December 2002</b>	<b>204,818</b>	<b>2,070,164</b>	<b>136,771</b>

The acquisition of Teva Pharmaceuticals USA Inc. was accounted for in accordance with the provisions of s.132 of the Companies Act 1985, which has resulted in the creation of a merger reserve in addition to the recording of a premium on the allotment of the shares.

## 13 Reconciliation of movements in equity shareholders' funds

	2002	2001
	£'000	£'000
Retained profit for the financial year	139,946	3,718
Shares issued during the year	2,247,818	-
Equity shareholders' funds at 1 January	23,989	20,271
<b>Equity shareholders' funds at 31 December</b>	<b>2,411,753</b>	<b>23,989</b>

## **Orvet UK Limited**

### **14 Related party transactions**

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection. Consequently, the company has taken advantage of the exemption available under the terms of Financial Reporting Standard Number 8 not to disclose related party transactions with group companies.

### **15 Ultimate parent company**

The directors regard Teva Pharmaceutical Industries Limited, a company incorporated in Israel, as the ultimate parent company and ultimate controlling party.

The largest group in which the results of the company are consolidated is that of the ultimate parent company. Copies of the ultimate parent's consolidated financial statements may be obtained from Science Based Industries Campus, Har Hotzvim, P O Box 1142, Jerusalem 91010, Israel.

The smallest such group is that of Teva Pharmaceuticals Europe BV, a company incorporated in Holland, whose consolidated financial statements may be obtained from Kamer van Koophandel, Postbus 48, 3500 AA Utrecht, Waterstraat 47, 3511 BW Utrecht.