

Registered Number 3188178

Orvet UK Limited

Annual report

for the year ended 31 December 2001



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# **Orvet UK Limited**

## **Annual report for the year ended 31 December 2001**

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# **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 2001

The directors present their report and the audited financial statements for the year ended 31 December 2001.

### 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 5.

The directors are satisfied with the company's activities during the year and with the financial position at 31 December 2001.

### Dividends

The directors do not recommend the payment of a dividend (2000: £Nil).

### Directors

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

C Hurvitz  
T Andriessen  
A G Kay  
P Horsman

Messrs A G Kay and C Hurvitz resigned as directors on 31 October 2002. Messrs J Beighton and M Mann were appointed as directors on the same date.

None of the directors in office at 31 December 2001 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 as explained on page 7 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 2001 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.

### Post balance sheet events

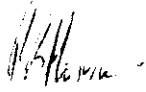
Particulars of matters arising since the balance sheet date are given in note 15 to the financial statements.

# Orvet UK Limited

## 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

2<sup>nd</sup> January 2003

# Orvet UK Limited

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

We have audited the financial statements on pages 5 to 12.

### 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.

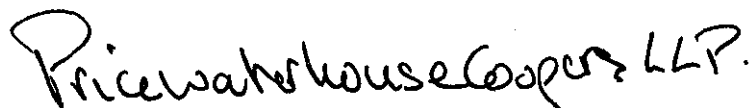
### Basis of audit opinion

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

29 January 2003

## Orvet UK Limited

### Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Net operating expenses	1	(7)	(1)
<b>Operating loss</b>		<b>(7)</b>	<b>(1)</b>
Income from shares in group undertakings		3,931	-
Interest payable and similar charges	4	(1,193)	(1,329)
<b>Profit/(loss) on ordinary activities before taxation</b>	5	<b>2,731</b>	<b>(1,330)</b>
Tax credit on profit/(loss) on ordinary activities	6	987	399
<b>Profit / (deficit) for the financial year</b>	12	<b>3,718</b>	<b>(931)</b>

All of the activities during the two years shown above related 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 profit for the financial year stated above and their historical cost equivalents.

# Orvet UK Limited

## Balance sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Investments	7	61,200	61,200
<b>Current assets</b>			
Debtors	8	3,589	2,605
Cash at bank and in hand		4	4
		3,593	2,609
<b>Creditors - amounts falling due within one year</b>	9	(40,804)	(43,538)
<b>Net current liabilities</b>		(37,211)	(40,929)
<b>Total assets less current liabilities</b>		23,989	20,271
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Share premium account	12	27,164	27,164
Profit and loss account	12	(3,175)	(6,893)
<b>Equity shareholders' funds</b>		23,989	20,271

The financial statements on pages 5 to 12 were approved by the board of directors on 21<sup>st</sup> January 2003 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**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

### **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 2001

### 1 Net operating expenses

	2001 £'000	2000 £'000
Administrative expenses	7	1

### 2 Directors' emoluments

None of the directors received any remuneration for their services to the company during the year (2000: £Nil).

The emoluments of Mr A G Kay and Mr P Horsman were paid by the subsidiary undertaking, Approved Prescription Services Limited. Mr A G Kay and Mr P Horsman 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 (2000: None).

### 4 Interest payable and similar charges

	2001 £'000	2000 £'000
On bank loans and overdrafts	1,193	1,329

### 5 Profit/(loss) on ordinary activities before taxation

	2001 £'000	2000 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for:		
Audit	1	1

# Orvet UK Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 6 Tax credit on profit/(loss) on ordinary activities

	2001 £'000	2000 £'000
<b>Tax on ordinary activities</b>		
United Kingdom corporation tax at 30% (2000: 30%):		
Group relief receivable	87	399
Overseas tax recoverable	900	-
<b>Total current year tax credit</b>	<b>987</b>	<b>399</b>

There is a tax credit in the current year despite profits before taxation of £2.7 million.

The dividend received from Prosintex ICI, Srl does not result in a residual UK corporation tax charge because of full double tax relief. Moreover, under the UK/Italian tax treaty, Italian underlying tax on the dividend may be reclaimed by the company. Hence the overseas tax recoverable.

A tax credit has been taken for part of the losses incurred in respect of interest expensed during the year to the extent that there are profits in the UK group. Excess losses carried forward have not been recognised.

### 7 Fixed asset investments

	2001 £'000	2000 £'000
<b>Cost</b>		
Interests in subsidiary undertakings	61,200	61,200

#### 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
Approved Prescription Services Limited	Great Britain	Ordinary £1 shares	100%	-
Berk Pharmaceuticals Limited	Great Britain	Ordinary £1 shares	-	100%
APS/Berk Limited	Great Britain	Ordinary £1 shares	26%	74%
Prosintex ICI, Srl	Italy	1 ordinary share of 81 million lira	100%	-

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

- Approved Prescription Services Limited - distribution of pharmaceutical products
- Berk Pharmaceuticals Limited - dormant
- APS/Berk Limited - distribution of pharmaceutical products
- Prosintex ICI, Srl - manufacture and distribution of pharmaceutical products

## Orvet UK Limited

### Notes to the financial statements for the year ended 31 December 2001 (continued)

#### 8 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year		
Group relief recoverable	2,689	2,602
Overseas tax recoverable	900	3
	3,589	2,605

#### 9 Creditors – amounts falling due within one year

	2001 £'000	2000 £'000
Bank loans	21,030	19,867
Amounts owed to group undertakings	19,567	23,415
Accruals and deferred income	207	256
	40,804	43,538

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.

#### 10 Provisions for liabilities and charges

##### Deferred taxation

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

	Amount unrecognised	
	2001 £'000	2000 £'000
Tax effect of timing differences because of:		
Losses	590	317

#### 11 Called up share capital

	2001 £	2000 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
28 (2000: 28) ordinary shares of £1 each	28	28

# Orvet UK Limited

## Notes to the financial statements for the year ended 31 December 2001 (continued)

### 12 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2001	27,164	(6,893)
Profit for the financial year	-	3,718
At 31 December 2001	27,164	(3,175)

### 13 Reconciliation of movements in equity shareholders' funds

	2001 £'000	2000 £'000
Retained profit / (deficit) for the financial year	3,718	(931)
Equity shareholders' funds at 1 January	20,271	21,202
Equity shareholders' funds at 31 December	23,989	20,271

### 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 Post balance sheet events

On 23 December 2002, the company received a dividend of £9.2 million from Approved Prescription Services Limited, and paid a dividend of £13.9 million.

On 23 December 2002, the company sold its interest in Approved Prescription Services Limited and APS/Berk Limited to Approved Prescription Services (Holdings) Limited, a fellow subsidiary of Teva Pharmaceuticals Europe BV. The consideration of £171.2 million has been left outstanding on the intercompany account.

On 24 December 2002, the company acquired 100% of the issued share capital of Teva Pharmaceuticals USA Inc. The consideration of £2.247 billion was settled by the issue of 100 ordinary shares in the company at a premium of £22.5 million per share.

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

# **Orvet UK Limited**

## **Notes to the financial statements for the year ended 31 December 2001 (continued)**

### **16 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.