

Registered no: 3188178

Orvet UK Limited

Annual report

for the year ended 31 December 1999



**Annual report
for the year ended 31 December 1999**

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Directors and advisers

Directors

C Hurvitz
T J Andriessen
A G Kay
P Horsman

Secretary and registered office

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

Registered Auditors

PricewaterhouseCoopers
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Bankers

Bank Leumi (UK) PLC
4-7 Woodstock Street
LONDON
W1A 2AF

Bank Hapoalim
8-12 Brook Street
LONDON
W1Y 1AA

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

Orvet UK Limited is a holding company with operating subsidiaries engaged in the distribution of pharmaceutical products.

Review of business

The profit and loss account for the year is set out on page 6.

The directors are satisfied with the company's activities during the year and with the financial position at 31 December 1999.

For the year ended 31 December 1999, the company has taken advantage of the exemption permitted under the Companies Act 1985 not to prepare consolidated financial statements (see note 1).

The retained deficit for the financial year therefore reflects the performance of Orvet UK Limited as an individual entity, and excludes the results for the year of its trading subsidiaries.

Dividends

The directors do not recommend the payment of a dividend (1998: £Nil).

Directors

The directors at the date of this report, all of whom served throughout the year, are shown on page 2.

None of the directors at 31 December 1999 had an interest in the shares of the company during the year, or of any group company incorporated in Great Britain.

Employees

There were no employees during the year (1998: Nil).

Directors' responsibilities

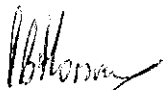
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

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 1999. The directors also confirm that applicable accounting standards have been followed and that the financial 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

A resolution to appoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

P Horsman
Director

31 January 2001

Report of the auditors to the members of Orvet UK Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, 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.

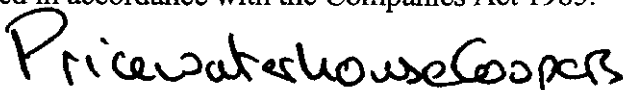
Basis of audit opinion

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 loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors
Leeds
31 January 2001

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Net operating expenses	2	(117)	(76)
Operating loss		(117)	(76)
Interest payable and similar charges	5	(2,033)	(3,035)
Loss on ordinary activities before taxation	6	(2,150)	(3,111)
Tax on loss on ordinary activities	7	658	591
Retained deficit for the financial year	13	(1,492)	(2,520)

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 in the losses above and therefore no separate statement of total recognised gains and losses has been presented.

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

Comparative information has been restated to reflect the prior year results of Orvet UK Limited as an individual company (see note 1).

Balance sheet at 31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	8	<u>61,200</u>	<u>34,036</u>
Current assets			
Debtors	9	2,271	1,635
Cash at bank and in hand		<u>4,004</u>	<u>57</u>
		6,275	1,692
Creditors: amounts falling due within one year	10	<u>(46,273)</u>	<u>(40,198)</u>
Net current liabilities		<u>(39,998)</u>	<u>(38,506)</u>
Total assets less current liabilities		<u>21,202</u>	<u>(4,470)</u>
Net assets/(liabilities)		<u>21,202</u>	<u>(4,470)</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	27,164	-
Profit and loss account	13	<u>(5,962)</u>	<u>(4,470)</u>
Equity shareholders' funds/(deficit)		<u>21,202</u>	<u>(4,470)</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 31 January 2001 and were signed on its behalf by:



P Horsman
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 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. Comparative information has been restated to reflect the prior year results of Orvet UK Limited as an individual company.

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.

2 Net operating expenses

	1999 £'000	1998 £'000
Administrative expenses	<u>117</u>	<u>76</u>

3 Directors' emoluments

None of the directors received any remuneration for their services to the company during the year ended 31 December 1999 (1998: £Nil).

The emoluments of Mr A G Kay and Mr P Horsman are paid by the subsidiary undertaking, Approved Prescription Services Limited. Mr A G Kay and Mr P Horsman are directors of all undertakings in the United Kingdom 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.

4 Employee information

The company has no employees other than directors (1998: None).

5 Interest payable and similar charges

	1999 £'000	1998 £'000
On group loans	138	442
On bank loans and overdrafts	1,895	2,593
	<u>2,033</u>	<u>3,035</u>

6 Loss on ordinary activities before taxation

	1999 £'000	1998 £'000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for:		
Audit	8	8
Non audit services	9	23
	<u>17</u>	<u>31</u>

7 Tax on loss on ordinary activities

	1999 £'000	1998 £'000
Tax on ordinary activities		
United Kingdom corporation tax at 30.25% (1998: 31.5%)		
Group relief received	<u>658</u>	<u>591</u>

8 Fixed asset investments

	1999 £'000	1998 £'000
Cost		
Interests in subsidiary undertakings	<u>61,200</u>	<u>34,036</u>

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%	-

On 8 April 1999, the company acquired a 100% stake in the issued ordinary share capital of Prosintex ICI, Srl, from Teva Pharmaceuticals Europe BV, the immediate parent undertaking. The consideration paid comprised 26 ordinary shares of £1 each in the company (see note 12).

The principal business activity of the subsidiary undertakings is as follows:

- (a) Approved Prescription Services Limited - distribution of pharmaceutical products;
- (b) Berk Pharmaceuticals Limited – dormant;
- (c) APS/Berk Limited - distribution of pharmaceutical products;
- (d) Prosintex ICI, Srl – manufacture and distribution of pharmaceutical products.

9 Debtors

	1999 £'000	1998 £'000
Amounts falling due within one year		
Amounts owed by parent and fellow subsidiary undertakings	68	-
Group relief receivable	2,203	1,545
Other debtors	-	90
	<u>2,271</u>	<u>1,635</u>

10 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank loans	26,750	33,250
Amounts owed to group undertakings	19,377	6,785
Accruals and deferred income	146	163
	<u>46,273</u>	<u>40,198</u>

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.

11 Provisions for liabilities and charges**Deferred taxation**

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

	Amount unprovided	
	1999 £'000	1998 £'000
Tax effect of timing differences because of:		
Losses	<u>317</u>	<u>355</u>

12 Called up share capital

	1999 £	1998 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
28 (1998: 2) ordinary shares of £1 each	<u>28</u>	<u>2</u>

During the year 26 ordinary shares of £1 each were issued having an aggregate nominal value of £26. The consideration received from the immediate parent was its holding in the entire issued share capital of Prosintex ICI, Srl (see note 8).

13 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 1999	-	(4,470)
Retained deficit for the financial year	-	(1,492)
Premium on issue of shares	27,164	-
At 31 December 1999	<u>27,164</u>	<u>(5,962)</u>

14 Reconciliation of movements in equity shareholders' funds

	1999 £'000	1998 £'000
Retained deficit for the financial year	(1,492)	(2,520)
Proceeds of issue of ordinary shares	27,164	-
Net addition to/(reduction from) shareholders' funds	25,672	(2,520)
Equity shareholders' funds as at 1 January	(4,470)	(1,950)
Equity shareholders' funds at 31 December	21,202	(4,470)

15 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.

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.