

Registered Number 3188178

Orvet UK
Annual report and financial statements
for the year ended 31 December 2007

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Orvet UK

Annual report and financial statements for the year ended 31 December 2007

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Orvet UK

Directors and advisers

Directors

T Andriessen
R Williams
D Bhattacharjee

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

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Bailey Drive
Gillingham Business Park
KENT
ME8 0LS

Registered Office

Five Chancery Lane
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LONDON
EC4A 1BU

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Orvet UK

Directors' report for the year ended 31 December 2007

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

Principal activities

Orvet UK is an intermediate holding company with operating subsidiaries engaged in the manufacture, 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 6 and the movements in the company's investments in group companies is set out in note 6.

Given the nature of the business, the company's directors are of the opinion that an analysis using Key Performance Indicators ("KPI's") is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The loss for the year after taxation was £77,000 (2006 £147,951,000)

The directors do not recommend the payment of a dividend (2006 £nil)

Financial risk management and principal risks and uncertainties

The company is an intermediate holding company and as such its transactions are limited to those with group undertakings. Financial risks include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk.

Interest rate risk arises as a consequence of borrowings with group undertakings, the borrowings from which are at variable rates of interest. The company is exposed to movements in foreign currency exchange rates as a result of transactions in foreign currencies.

The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company. Foreign exchange rate risk and interest rate risk is managed on a group wide basis. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Directors and their interests

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

T Andriessen	
R Williams	(appointed 4 March 2009)
D Bhattacharjee	(appointed 2 September 2009)
P Horsman	(resigned 4 March 2009)
J Beighton	(resigned 2 September 2009)

Orvet UK

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

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

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,
- state whether applicable accounting policies have been followed, and
- 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 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

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and that each director has taken all reasonable steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board



R Williams

Director

23 September 2011

Orvet UK

Independent auditors' report to the members of Orvet UK

We have audited the financial statements of Orvet UK for the year ended 31 December 2007 which comprise the Profit and Loss account, the Balance Sheet, the Accounting Policies 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 Annual Report and 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).

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the list of directors and advisors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us regarding the carrying value of the company's investments was limited due to the internal reporting structure of the global group which does not financially forecast based on the investment structure. Consequently impairment reviews have not been prepared to support the carrying value of the investments. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Orvet UK's investment in subsidiary companies is carried at £6,329,151,000 on the balance sheet, which represents 99.9% of Orvet UK's net assets as at 31 December 2007. We have not been able to obtain appropriately detailed support for the continued carrying value of this investment. As a result, we were unable to determine whether any impairment was necessary in respect of Orvet UK's investment carrying values.

Orvet UK

Independent auditors' report to the members of Orvet UK (continued)

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

In respect solely of the limitation of our work referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit. Accordingly we do not express an opinion on the financial statements.

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

23 September 2011

Orvet UK

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Administrative expenses		(77)	(147,951)
Loss on ordinary activities before taxation	2	(77)	(147,951)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(77)	(147,951)

All of the activities 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

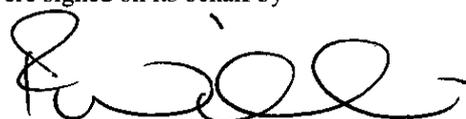
There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents

Orvet UK

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	6	6,329,151	6,269,561
Current assets			
Debtors	7	2,498	2,125
Cash at bank and in hand		2	2
		2,500	2,127
Creditors - amounts falling due within one year	8	(558)	(108)
Net current assets		1,942	2,019
Total assets less current liabilities		6,331,093	6,271,580
Capital and reserves			
Called up share capital	9	-	-
Share premium account	10	4,173,135	4,113,545
Merger reserve	10	2,070,164	2,070,164
Capital contribution reserve	10	242,607	242,607
Profit and loss account	10	(154,813)	(154,736)
Total shareholders' funds	11	6,331,093	6,271,580

The financial statements on pages 6 to 13 were approved by the board of directors on 23 September 2011 and were signed on its behalf by



R Williams
Director

Orvet UK

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

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The financial statements contain information about Orvet UK as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228A 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 ultimate parent company, Teva Pharmaceutical Industries Limited, a company incorporated in Israel and whose accounts are publicly available. Consequently, the company is exempt under the terms of FRS 1, cash flow statements (Revised 1996), from publishing a cash flow statement.

Deferred taxation

Deferred tax is 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.

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.

Investments

Fixed asset investments are shown at cost less provision for impairment. The carrying value of investments is periodically reviewed for events or changes in circumstances which indicate that the carrying value may not be recoverable.

Orvet UK

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

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2007	2006
	£'000	£'000
Provision for impairment of investments	-	147,951
Foreign exchange loss	3	-

The company obtained the following services from its auditor at costs detailed below

	2007	2006
	£'000	£'000
Audit services	60	-
Services relating to taxation	14	-

The auditors' remuneration for the prior year was borne by a subsidiary undertaking, Teva UK Limited

3. Directors' emoluments

None of the directors received any remuneration for their services to the company during the year

The emoluments of Mr P Horsman and Mr J Beighton were paid by a subsidiary undertaking, Teva UK 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 Teva UK Limited. The emoluments of Mr T Andriessen were paid by Teva Pharmaceuticals Europe B V. The total emoluments of Mr T Andriessen are included in the aggregate of the directors' emoluments disclosed in the financial statements of Teva Pharmaceuticals Europe B V.

4. Staff costs

The company has no employees other than the directors (2006 none)

5. Tax on loss on ordinary activities

	2007	2006
	£'000	£'000
Tax on loss on ordinary activities	-	-

Orvet UK

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

5. Tax on loss on ordinary activities (continued)

The tax charge assessed for the year differs from that calculated at the effective standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(77)	(147,951)
Loss on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 30% (2006 30%)	(23)	(44,385)
Effects of		
Expenses not deductible for tax purposes	1	44,385
Losses carried forward	22	-
Total current tax charge	-	-

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008 Accordingly, the company's profits will be taxed at 28% in the future A deferred tax asset of £21,000 has not been recognised in the period due to the unpredictability of future profits

6. Fixed asset investments

	Interests in subsidiary undertakings £'000
Cost	
At 1 January 2007	6,591,375
Additions	59,590
At 31 December 2007	6,650,965
Provision	
At 1 January 2007	321,814
Provided in year	-
At 31 December 2007	321,814
Net book value	
At 31 December 2007	6,329,151
At 31 December 2006	6,269,561

During the year shares in Teva Pharmaceuticals Industries Ltd of £59.6m were contributed to Orvet UK in consideration for issued shares in the company, which were subsequently contributed to Teva UK Holdings Ltd in consideration for issued shares

Orvet UK

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

6. Fixed asset investments (continued)

Details of the company's principal investments in group undertakings are set out below

Name of undertaking	Country of incorporation	Description of shares held	Held by company %	Held by subsidiaries %
Teva Pharmaceuticals USA	USA	Common stock	100%	-
Teva UK Holdings Limited	Great Britain	Ordinary £1 shares	100%	-
Teva UK Limited	Great Britain	Deferred £1 shares	-	100%
Teva Pharmaceutical Finance BV	Netherlands Antilles	B shares	-	99%
Teva Pharmaceutical Finance II BV	Netherlands Antilles	B shares	-	99%
Teva Pharmaceutical Finance III BV	Netherlands Antilles	B shares	-	99%

The principal business activities of the subsidiary undertakings are as follows

- Teva Pharmaceuticals USA – development, manufacture and marketing of generic pharmaceutical products
- Teva UK Holdings Limited – intermediate parent company
- Teva UK Limited – distribution of pharmaceutical products
- Teva Pharmaceutical Finance BV – financing activities
- Teva Pharmaceutical Finance II BV – financing activities
- Teva Pharmaceutical Finance III BV – financing activities

7. Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year		
Other debtors	2,125	2,125
Amounts due from group undertakings	373	-
	2,498	2,125

No interest is receivable on amounts due from group undertakings. No security is held for non-trading amounts due from group undertakings, which have no fixed date of repayment and are repayable on demand.

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

8. Creditors – amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	501	108
Accruals and deferred income	57	-
	558	108

No interest is payable on amounts owed to group undertakings. No security is held for non-trading amounts owed to group undertakings, which are repayable on demand.

9. Called up share capital

	2007 £	2006 £
Authorised		
50,000 ordinary shares of £0.01 each (2006 50,000 ordinary shares of £0.01 each)	500	500
Allotted, called up and fully paid		
33,444 ordinary shares of £0.01 each (2006 33,098 ordinary shares of £0.01 each)	334	331

During the year 346 shares were issued to Teva Pharmaceuticals Industries Ltd in consideration for the contribution of shares in the ultimate parent undertaking, which were subsequently contributed to Teva UK Holdings Ltd.

10. Reserves

	Capital contribution reserve £'000	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2007	242,607	4,113,545	2,070,164	(154,736)
Premium on shares issued	-	59,590	-	-
Loss for the year	-	-	-	(77)
At 31 December 2007	242,607	4,173,135	2,070,164	(154,813)

Orvet UK

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

11. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Loss for the financial year	(77)	(147,951)
Capital contribution	-	9,177
Premium on shares issued	59,590	3,945,313
Increase in shareholders' funds	59,513	3,806,539
Opening shareholders' funds	6,271,580	2,465,041
Closing shareholders funds	6,331,093	6,271,580

12. 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 FRS 8 not to disclose related party transactions with group companies.

13. Post balance sheet event

On the 22 December 2008 the company issued 14,466 ordinary £0.01 shares to its ultimate parent company, Teva Pharmaceuticals Industries Limited and 1 ordinary £0.01 share to its immediate parent company Teva Pharmaceuticals Europe BV, in consideration for 5,518 shares of Common Stock in Teva Pharmaceuticals USA Inc.

On 31 October 2009, Ivax Holdings GmbH (an indirect subsidiary) was sold to the company's immediate parent undertaking, Teva Pharmaceuticals Europe BV, by way of a return of capital, the effect of which was to reduce the investment in Teva Pharmaceuticals USA by £2,092.4m.

On 28 December 2009 the company acquired a further 694 shares Common Stock in Teva Pharmaceuticals USA Inc from Teva Pharmaceuticals Industries Limited for £495.2m, the consideration being 1 ordinary £0.01 share.

14. Ultimate parent company

The immediate parent undertaking is Teva Pharmaceuticals Europe BV, a company incorporated in the Netherlands.

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, PO Box 1142, Jerusalem 91010, Israel.