

Registered Number 03188178

Orvet UK

Annual report and financial statements
for the period ended 31 December 2016

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Orvet UK

Annual report and financial statements for the period ended 31 December 2016

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Orvet UK

Directors and advisers

Directors

D Cooper

K Innes

D Vrhovec

Independent Auditors

PricewaterhouseCoopers LLP

Central Square

29 Wellington Street

Leeds

LS1 4DL

Bankers

Barclays Bank Plc

1 Churchill Place

Canary Wharf

London

Registered Office

Ridings Point

Whistler Drive

Castleford

West Yorkshire

WF10 5HX

Registered Number

03188178

Strategic report for the period ended 31 December 2016

The directors present their strategic report on the company for the seven month period ended 31 December 2016.

Business review and future developments

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.

On 31 May 2016 an intra-group share transfer (“Demerger”) of the UK subsidiary companies owned by Orvet UK was completed. Teva UK Holdings Limited and its subsidiaries were transferred from its previous parent company, Orvet UK, to a newly incorporated Teva company called Teva Pharma Holdings Limited (incorporated in the UK) and owned by Teva Pharmaceuticals Europe B.V. The primary purpose of this share transfer was to separate the UK and US group companies which, until this point, were both owned by Orvet UK.

From 1 June 2016 onwards Orvet UK is an intermediate holding company of US group companies only and it has been determined that this will result in a change in functional currency from Pound sterling (GBP) to US dollars (USD), which will be applied prospectively to the company’s financial statements from 1 June 2016.

The company has changed its presentation currency to US dollars for the period starting from 1 June 2016. This is a change in accounting policy and hence its results for the five months to 31 May 2016 (the comparative period with a functional currency of GBP) have been restated to USD. For more details see note 16.

The profit and loss account for the period is set out on page 7. The results for the period include a \$13,755,050,000 impairment of the company’s fixed asset investment in Teva Pharmaceuticals USA, Inc. For more details see the Directors’ Report.

Key performance indicators (“KPIs”)

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.

Financial risk management and principal risks and uncertainties

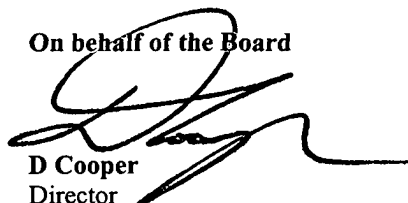
The company is an intermediate holding company and as such its transactions are limited to those with group undertakings.

The principal risk factor for the company is whether it is appropriate to prepare the financial statements on a going concern basis given that there are net liabilities of \$2,374,000 as at 31 December 2016 (31 May 2016: net assets \$9,662,668). The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Teva Pharmaceuticals Europe B.V., a fellow group company.

Financial risks include the effects of changes in foreign exchange. 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 is managed on a group wide basis.

On behalf of the Board



D Cooper
Director

2 October 2019

Directors' report for the period ended 31 December 2016

The directors present their annual report and the audited financial statements for the period ended 31 December 2016.

Results and dividends

The loss for the financial period was \$13,755,042,000 (prior period: profit \$332,435,000). The directors do not recommend the payment of a dividend (prior period: \$nil). The directors do not recommend the payment of a final dividend (prior period: £nil).

Management has decided to shorten the accounting period of Orvet UK, changing the period end from 31 May 2017 to 31 December 2016 to coincide with the ultimate parent company's reporting date. As a result the current period results are for seven months whereas the comparative results are for five months.

On 2 August 2016, Teva Pharmaceutical Industries Limited, the company's ultimate parent company, acquired the worldwide generics business of Allergan Plc. As part of the process to complete the transaction in the UK, regulatory approval was required from the European Commission, which ruled that part of the acquired business must subsequently be divested.

Effective as of 2 August 2016, Orvet UK (the "Borrower") transacted a number of Capital Note agreements with Teva Pharmaceutical Industries Limited (the "Lender"), whereby the company borrowed a total of \$4,090,000,000. The key terms of the agreement are that the loans cannot be repaid during the first five years of its existence and thereafter the Borrower shall repay only with mutual consent, in writing, between the Borrower and Lender. The loans are fully subordinated to all other loans and obligations of the Borrower and bears no interest. In accordance with the terms of the Capital Notes, it has been determined that they will be treated as part of equity and hence will form part of Capital and reserves in the balance sheet. Subsequently on 29 September 2016, the Lender assigned the rights and obligations under the Capital Notes to Assia Chemical Industries Limited, a company incorporated in Israel, a 100% subsidiary of Teva Pharmaceutical Industries Limited.

The results for the period include a \$13,755,050,000 impairment of the company's fixed asset investment in Teva Pharmaceuticals USA, Inc. The investment in Teva Pharmaceuticals USA, Inc., has been impaired mainly as a result of the following developments:

- (i) additional pricing pressure in the U.S. market as a result of customer consolidation into larger buying groups to extract further price reductions;
- (ii) accelerated approval of additional generic versions of off-patent medicines by the Food and Drug Administration in the U.S., resulting in increased competition for these products; and delays in new launches of certain Teva generic medicines.
- (iii) the acquisition of Allergan Plc's generics business as described above resulted in an intercompany loan payable of USD 29 billion as at 31 December 2016 which is higher than the sum of the discounted cash flows of Teva's US business including the acquired business.

Financial risk management

This is included in the strategic report on page 2.

Political and charitable donations

The company made no political or charitable donations, or incurred any political expenditure during the period (prior period: \$nil).

Directors and their interests

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

R Williams	(appointed 18 March 2016; resigned 27 June 2018)
K Innes	(appointed 27 September 2016)
D Vrhovec	(appointed 7 April 2017)
R Daniell	(appointed 18 March 2016; resigned 27 September 2016)
M Schrewe	(resigned 1 August 2016)
D Cooper	(appointed 12 July 2018)

Directors' report for the period ended 31 December 2016 (continued)

Future developments

This is included in the strategic report on page 2.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of its Directors.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 102 subject to any material departures disclosed and explained in the financial statements; 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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.

On behalf of the Board



D Cooper
Director

2 October 2019

Independent auditors' report to the members of Orvet UK

Report on the financial statements

Our opinion

In our opinion, Orvet UK's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the 7 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise::

- Balance sheet as at 31 December 2016;
- Statement of comprehensive income for the period then ended;
- Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect..

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion::

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns..

We have no exceptions to report arising from this responsibility..

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
2 October 2019

Profit and loss account for the period ended 31 December 2016

		Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
	Note		
Operating income/(expenses)		8	(141)
Amounts written off investments	3	(13,755,050)	-
Operating loss	3	(13,755,042)	(141)
Income from shares in group undertakings	8	-	338,719
(Loss)/Profit before interest and taxation		(13,755,042)	338,578
Interest payable and similar expenses	4	-	(6,143)
(Loss)/Profit before taxation		(13,755,042)	332,435
Tax on (loss)/profit	7	-	-
(Loss)/Profit for the financial period		(13,755,042)	332,435

Statement of comprehensive income for the period ended 31 December 2016

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
(Loss)/Profit for the financial period	(13,755,042)	332,435
Other comprehensive income / (expense)		
Exchange reserve realised on movement in net assets during the period	-	(35,783)
Other comprehensive income / (expense) for the period	-	(35,783)
Total comprehensive (expense)/income for the period	(13,755,042)	296,652

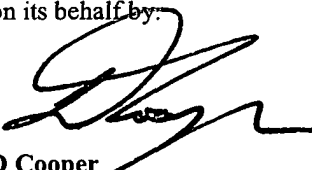
All of the activities shown above relate to continuing operations.

There is no difference between the (loss)/profit before taxation and the (loss)/profit for the financial periods stated above, and their historical cost equivalents.

Balance sheet as at 31 December 2016

		At 31 December 2016 \$'000	As restated (note 16) At 31 May 2016 \$'000
	Note		
Fixed assets			
Investments	8	-	9,665,050
Current assets			
Debtors	9	820	56
		820	56
Creditors - amounts falling due within one year	10	(3,194)	(2,438)
Net current liabilities		(2,374)	(2,382)
Net (liabilities)/assets		(2,374)	9,662,668
Capital and reserves			
Called up share capital	12	1	1
Share premium account		754,758	754,758
Merger reserve		3,089,988	3,089,988
Exchange reserve		(1,145,674)	(1,145,674)
Equity reserve		4,090,000	-
Profit and loss account		(6,791,447)	6,963,595
Total shareholders' (deficit)/funds		(2,374)	9,662,668

The financial statements on pages 7 to 28 were approved by the board of directors on 2 October 2019 and were signed on its behalf by:


D Cooper
 Director

Registered number: 03188178

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Statement of changes in equity for the period ended 31 December 2016

	Called up Share capital \$'000	Merger reserve \$'000	Share premium account \$'000	Capital contribution reserve \$'000	Exchange reserve \$'000	Equity reserve \$'000	Profit and loss account \$'000	Total Shareholders' funds/(deficit) \$'000
At 1 January 2016 as restated (note 16)	1	3,089,988	8,118,890	433,272	-	-	(633,429)	11,008,722
Profit for the financial period	-	-	-	-	-	-	332,435	332,435
Other comprehensive expense for the period	-	-	-	-	(35,783)	-	-	(35,783)
Total comprehensive income for the period	-	-	-	-	(35,783)	-	332,435	296,652
Reduce share premium account	-	-	(6,831,317)	-	-	-	6,831,317	-
Cancellation and repayment of share premium in demerger	-	-	(532,815)	-	-	-	-	(532,815)
Realised on disposal of shares in demerger	-	-	-	(433,272)	-	-	433,272	-
Exchange reserve realised on transition to US dollars presentation currency	-	-	-	-	(1,109,891)	-	-	(1,109,891)
At 31 May 2016 as restated (note 16)	1	3,089,988	754,758	-	(1,145,674)	-	6,963,595	9,662,668
At 1 June 2016	1	3,089,988	754,758	-	(1,145,674)	-	6,963,595	9,662,668
Loss for the financial period	-	-	-	-	-	-	(13,755,042)	(13,755,042)
Total comprehensive expense for the period	-	-	-	-	-	-	(13,755,042)	(13,755,042)
Capital notes	-	-	-	-	-	4,090,000	-	4,090,000
At 31 December 2016	1	3,089,988	754,758	-	(1,145,674)	4,090,000	(6,791,447)	(2,374)

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Notes to the financial statements for the period ended 31 December 2016

1. Significant accounting policies

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

General information and basis of accounting

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom.

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 401 of the Companies Act 2006 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 financial statements are publicly available from the address in note 14.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Teva Pharmaceutical Industries Limited, includes the company's cash flows in its own consolidated financial statements.

The company has taken advantage of the exemption available under the terms of FRS 102 not to disclose related party transactions with group companies.

Orvet UK is a company incorporated in the United Kingdom under the Companies Act 2006.

Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax arises from timing differences between the company's taxable profits and its results as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved losses and other deferred tax assets are recognised only if it can be regarded as more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference. 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. Monetary assets and liabilities are translated into US dollars at rates of exchange ruling at the balance sheet date. Exchange differences arising on the transition to US dollars presentation currency are reported in other comprehensive income and accumulated in equity. All other currency profits and losses are dealt with in the profit and loss account.

The company's functional and presentation currency up until 31 May 2016 was the pound sterling and from 1 June 2016 is US dollars.

Fixed asset 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 and provisions are made accordingly.

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Notes to the financial statements for the period ended 31 December 2016 (continued)

1. Significant accounting policies (continued)

Financial assets and liabilities

Basic financial assets and liabilities, including amounts due to or from fellow group companies are recognised at transaction price. Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit and loss.

The company does not currently apply hedge accounting for foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, estimates and judgements are continually evaluated and are based upon historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Impairment of fixed asset investments

The company makes an estimate of the recoverable value of fixed asset investments. When assessing impairment of fixed asset investments, management considers factors including the net assets of the subsidiary in which the investment is held. If the net assets held are lower than the investment balance then a value in use calculation is performed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. If the value in use calculation is lower than the value of the investment held an impairment is recognised. See note 8 for the net carrying amount and the associated impairment provision.

3. Operating loss

Operating loss is stated after (crediting) / charging:

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
Impairment of fixed asset investment (Note 8)	13,755,050	-
Foreign exchange (gains) / losses	(309)	6

The auditors' remuneration for both the current and prior period was borne by a subsidiary undertaking, Teva UK Limited.

During the period the company obtained the following other services from its auditors at costs detailed below:

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
Services relating to taxation	74	125

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Notes to the financial statements for the period ended 31 December 2016 (continued)

4. Interest payable and similar expenses

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
Interest payable to group undertakings	-	6,143
Total interest payable and similar expenses	-	6,143

5. Directors' emoluments

	Period ended 31 December 2016 \$'000	Period ended 31 May 2016 \$'000
Aggregate emoluments	134	-
Company pension contributions to money purchase schemes	2	-

The emoluments of R Williams, K Innes and R Daniell (prior period: R Williams, R Daniell and S Oldfield) were paid by a fellow subsidiary undertaking, Teva UK Limited. The emoluments of Mr M Schrewe were paid by Ratiopharm GmbH. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Teva UK Limited. During the period \$96,000 (prior period: \$nil) was recharged from Teva UK Limited for the services of directors and a further \$40,000 (prior period: \$nil) was recharged from Teva Pharma Holdings Limited for the services of directors.

The emoluments of T Oreskovic for the prior period were paid by Teva Pharmaceuticals Europe B.V. The total emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of Teva Pharmaceuticals Europe B.V.

6. Staff costs

The company has no employees other than the directors (prior period: none).

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Notes to the financial statements for the period ended 31 December 2016 (continued)

7. Tax on (loss)/profit

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
Current tax on (loss)/profit for the period	-	-
Deferred tax:		
Origination and reversal of timing differences	115	13
Effects of changes in tax rates	132	(1)
Movements in deferred tax not recognised	(247)	(12)
Total deferred tax	-	-
Tax on (loss)/profit	-	-

The tax charge assessed for the period differs (prior period: differs) from that calculated at the effective standard rate of corporation tax in the UK of 20% (prior period: 20%). The differences are explained below:

	Period ended 31 December 2016 \$'000	As restated (note 16) Period ended 31 May 2016 \$'000
(Loss)/Profit before taxation	(13,755,042)	332,435
(Loss)/Profit multiplied by the effective standard rate of corporation tax in the UK of 20% (prior period: 20%)	(2,751,008)	66,487
Effects of:		
Income not taxable	-	(67,744)
Expenses not deductible for tax purposes	2,751,025	-
Utilisation of tax losses not previously recognised	(19)	(14)
Group relief surrendered for no consideration	2	1,271
Total tax charge	-	-

Deferred tax assets and liabilities are calculated using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

The Finance (No. 2) Act 2015 received Royal Assent on 18 November 2015 and announced reductions in the main rate of corporation tax to 19% from 1 April 2017 and to 18% with effect from 1 April 2020. The Finance Act 2016 received Royal Assent on 15 September 2016 and announced that the main rate of corporation tax effective from April 2020 would in fact be 17%.

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments

	As restated (note 16)
	Interests in subsidiary undertakings \$'000
Cost	
At 1 June 2016	10,461,703
Additions	4,090,000
At 31 December 2016	14,551,703
Provision for impairment	
At 1 June 2016	796,653
Impairment	13,755,050
At 31 December 2016	14,551,703
Net book value	
At 31 December 2016	-
At 31 May 2016	9,665,050

During the period the company increased its investment in Teva Pharmaceuticals USA, Inc., the cost of which is included within additions above.

The results for the period include a \$13,755,050,000 impairment of the company's fixed asset investment in Teva Pharmaceuticals USA, Inc. The investment in Teva Pharmaceuticals USA, Inc., has been impaired mainly as a result of the following developments:

- (i) additional pricing pressure in the U.S. market as a result of customer consolidation into larger buying groups to extract further price reductions;
- (ii) accelerated approval of additional generic versions of off-patent medicines by the Food and Drug Administration in the U.S., resulting in increased competition for these products; and delays in new launches of certain Teva generic medicines.
- (iii) the acquisition of Allergan Plc's generics business as described in the Directors' Report resulted in an intercompany loan payable of USD 29 billion as at 31 December 2016 which is higher than the sum of the discounted cash flows of Teva's US business including the acquired business.

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

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

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Teva Pharmaceuticals USA, Inc.	1090 Horsham Road, P.O.B: 1090, North Wales, PENNSYLVANIA, 19454-1090, United States	8,287 Ordinary "A" Shares 4,357 Ordinary "B" shares	66.00%	Manufacturing, distribution, marketing
ANTARES PHARMA INC.*	Princeton Crossroads Corporate Center, 250 Phillips Boulevard, Ewing, NJ, NEW JERSEY, 8618, United States	400 Ordinary shares	0.1%	Strategic Investment
Asaph II B.V.*	Piet Heinkade 107, P.O.B: 43028, Amsterdam, 1019 GM, Netherlands	18 Ordinary Shares	100%	Holding company
Auspex Pharmaceuticals, Inc.*	3366 North Torrey Pines Court, Suite 400, San Diego CA 92037, United States	1,000 Common Stock shares	100%	Marketing, Manufacturing, API
Immuneering Corporation*	The Corporation Trust Company, Corporation Trust Center, Wilmington DE 19801, United States	4,180,820 shares	51%	Investment
Baker Norton U.S., Inc.*	425 Privet Road Horsham PA, United States	1,000 Common Stock shares	100%	Holding company
Barr International Services, Inc.*	425 Privet Road, Horsham PA 19044, United States	1,000 Common Stock shares	100%	Holding company
TEVA INVERSIONES Y EXPORTACIONES SpA.*	Avenida Maratón 1315, Ñuñoa, Santiago de Chile., santiago, Chile	1,000,000 Ordinary shares	100%	Commercial, Marketing, Distribution
Barr Laboratories, Inc.*	400 Interpace Parkway, Bldg. A, Parsippany, NJ, 07054, USA	1 Common Stock shares	100%	Manufacturing
Barr Pharmaceuticals, LLC*	1090 Horsham Road, North Wales PA 19454, United States	2 Common Stock shares	100%	Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Barr Ventures, LLC*	425 Privet Road, Horsham PA 19044, United States	1 LLC Membership Interest/Units shares	100%	Holding company
China National Pharmaceutical Logistics Corp. LTD*	8,Kangdingjie,Beijing Economic-Technological Development Are, Beijing, 100176, China	9,000,000 Ordinary shares	10%	Strategic Investment
Copley Pharmaceutical, Inc.*	425 Privet Road, Horsham PA 19044, United States	790 Ordinary shares	79%	Holding company
Copper Acquisition Corp.*	1090 Horsham Road, North Wales PA 19454, United States	1,000 Common Stock shares	100%	Holding company
Doral Manufacturing, Inc.*	425 Privet Road, Horsham PA 19044, United States	100 Common Stock shares	100%	Manufacturing
Elmor, S.A.*	Edif. Elmor, Calle Girasol, Prados del Este, Caracas, Venezu, Caracas, 1070, Venezuela	33,788 Ordinary shares	100%	Commercial, Distribution
Gatio Investments B.V.*	Piet Heinkade 107, 1019 GM Amsterdam (the Netherlands), P.O.B: 43028, Amsterdam, 1019 GM, Netherlands	30,000,000 Ordinary shares	100%	Holding company
Gecko Health Innovations, Inc.*	1090 Horsham Road, North Wales PA 19454, United States	1,000 Common Shares	100%	Commercial, Investment, Manufacturing
Genchem Pharma LLC*	400 Interpace Parkway, Bldg A, Parsippany, NJ 07054, United States	1,000 Ordinary shares	100%	API, Commercial, Manufacturing, Marketing
Goldline Laboratories, Inc.*	3040 Universal Blvd, Weston FL 33331, United States	50 Common Stock shares	100%	Marketing
Inmobiliaria Lemery, S.A. de C.V.*	Mártires de Río Blanco No. 54, Col. Huichapan, Delegación Xo, Mexico City, Mexico	98,855,411 Ordinary "B" shares 1,499 Ordinary "A" shares	100%	Commercial
Teva Pharmaceuticals Panama, S.A.*	Financial Park Tower Costa del Este, Of. 3412 Panama City Panama	1 Bearer share	100%	Commercial, Marketing

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
IVAX (Bermuda) Ltd.*	c/o Coson Corporate Services Limited, Milner House, 18 Parli, P.O.B: P.O. Box HM 1561, Hamilton HM FX, Bermuda, Bermuda	12,000 Ordinary shares	100%	Holding company
IVAX Argentina S.A.*	Suipacha 1111, Piso 18, Buenos Aires, C1008AAW, Argentina	63,597,848 Common Stock	100%	Manufacturing, Marketing
IVAX Far East, Inc.*	3040 Universal Boulevard, Weston, FL 33331, United States	1,000 Common Stock shares	100%	Holding company
IVAX Golden Glades, Inc.*	3040 Universal Blvd, Weston FL 33331, United States	100 Common Stock shares	100%	Manufacturing
IVAX Holdings C.I.*	c/o Maples and Calder, P.O. Box 309, Grand Cayman, Cayman Is, Grand Cayman, Cayman Islands	2 Ordinary shares	100%	Holding company
IVAX Laboratories Puerto Rico, Inc.*	3040 Universal Blvd., Weston, FL 33331, Weston, Florida, FLORIDA, 33331, United States	100 Common Stock shares	100%	Dormant company
IVAX LLC*	3040 Universal Blvd., Weston, FL 33331, Weston, Florida, FLORIDA, 33331, United States	100 Common Stock shares	100%	Holding company
IVAX Pharmaceuticals B.V.*	Piet Heinkade 107, 1019 GM (the Netherlands), P.O.B: 43011, Amsterdam, 1019 GM, Netherlands	18,002 Ordinary shares	100%	Financial, Holding company
IVAX Pharmaceuticals Canada, Inc.*	c/o Frasner Milner & Casgrain, 1, Place Ville-Marie, Montrea, Montreal, H3B 4M7, Canada	1 Common Stock share	100%	Holding company
IVAX Pharmaceuticals Caribe, Inc.*	3040 Universal Blvd, Weston FL 33331, United States	1 Common Stock share	100%	Manufacturing
IVAX Pharmaceuticals Mexico, S.A. de C.V.*	Se Encuentra a 20 metros de la acuatica nelson vargas interl, Mexico	286,732,660 Ordinary Shares	100%	Distribution, Manufacturing, Marketing
IVAX Pharmaceuticals NV, LLC*	3040 Universal Blvd, Weston FL 33331, United States	1,000 Common Stock shares	100%	Holding company
IVAX Pharmaceuticals, LLC*	3040 Universal Blvd, Weston FL 33331, United States	100 Common Stock shares	100%	Holding company, Marketing
IVAX Specialty Chemicals Sub, LLC*	3040 Universal Blvd, Weston FL 33331, United States	1 Management shares	100%	Holding company
Kilburn B.V.*	Computerweg 10, 3542 DR Utrecht, Amsterdam, 1019 GM, Netherlands	1,820,000 Ordinary shares	100%	Financial, Holding company
Kunming Baker Norton Pharmaceutical Co.,Ltd*	Qi Gong Li, West Suburb, Kunming , Yunnan, P. R. China, Kunming , Yunnan, 650100, China	50 Ordinary shares	50%	Commercial, Manufacturing

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Laboratorio Chile, S.A.*	Av. Maratón 1315, Ñuñoa, Santiago, Camino a Melipil, Chile	316,000,000 Ordinary shares	100%	Manufactures, sells, markets and distributes medicines
Laboratorios Elmor S.A. (Guacara)*	Zona Industrial El Nepe, 2a Transversal, Guacara, Estado Car, 2015-A, Venezuela	57,868 Ordinary Shares	100%	Commercial, Manufacturing, Distribution
Laboratorios Elmor, S.A.*	Av. Eugenio Mendoza, Centro Letonia, Pisa 16, La Castellana,, Caracas, 1062, Venezuela	634,884 Ordinary shares	100%	Manufacturing, Distribution
Labrys Biologics, Inc.*	425 Privit Road, Horsham PA 19044, United States	2,000 Common Stock shares	100%	R&D
LBC International Corp.*	c/o Trulaw Corporate Services Ltd., P.O. Box 866, George Tow, Cayman Islands	1,000 Ordinary Shares	100%	Investment
Lemery S.A. de C.V.*	Pasaje de Interlomas No. 16, 5º pis, Mexico City, Mexico	196,618,977 Ordinary "B" shares, 6,499 Ordinary "A" shares	100%	Manufacturing
Maancirkel Holding B.V.*	Piet Heinkade 107, 1019 GM Amsterdam (the Netherlands), P.O.B: 43028, Amsterdam, 1019 GM, Netherlands	18,151 Ordinary shares	100%	Holding company
MicroDose Therapeutx, Inc.*	c/o Legal Affairs, 425 Privet Road, Horsham PA 19044, United States	1,000 Common Stock shares	100%	Commercial, Marketing, Manufacturing
Nupathe Inc.*	41 Moores Road, Frazer, PENNSYLVANIA, 19355, United States	1 Common Stock shares	100%	R&D
Odyssey Pharmaceuticals, Inc.*	400 Interpace Parkway, Bldg. A, Parsippany NJ 07054, United States	1 Common Stock share	100%	Shelf finance company
OFA, CA*	Calle Girasol con Av. Rio de Oro, Edificio Elmor, Ubanizacio, Caracas, Venezuela	1,580 Ordinary shares	100%	Commercial, Distribution
Patient Services and Solutions, Inc.*	11100 Nall Avenue, Overland Park KS 66221, United States	1,000 Common Stock shares	100%	Holding company
Pharmatrade S.A.*	Avenida Maraton 1315, Comuna de Nunoa, Santiago, Chile, Santiago, Chile	9,033,999 Ordinary shares	100%	Commercial, Manufacturing
PLIVA Inc.*	400 Interpace Parkway, Bldg. A, Parsippany NJ 07054, United States	1,478 Common Stock shares	100%	Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Rakepoll Holding B.V.*	Plet Heinkade 107, 1019 GM (the Netherlands), P.O.B: 43011, Amsterdam, 1019 GM, Netherlands	40 Ordinary Shares	100%	Holding company
Sicor Biotech UAB*	Moletu road 5, Vilnius, 08409, Lithuania	28,782 Ordinary shares	100%	Commercial, Manufacturing
Sicor de México S.A. de C.V.*	Av. San Rafael No. 35, Col. Parque Industrial Lerma, Lerma d, Lerma, Mexico	7,389,049 Ordinary shares	100%	API, Manufacturing
Sicor Europe S.A.*	Via San Salvatore 7, 6902 Paradiso, Paradiso, 6902, Switzerland	1,659 Ordinary Shares	100%	Dormant company
Sicor Inc.*	19 Hughes, Irvine, CA 92618, Irvine, CALIFORNIA, 92618, United States	1,000 Ordinary shares	100%	Commercial, Manufacturing, Marketing
Sicor Società Italiana Corticosteroidi S.r.l.*	Via Messina 38, 20154 Milan, Milano, Italy	16,526,720 Ordinary shares	100%	Marketing, Manufacturing, API
TAGCO Incorporated*	103 Foulk Road, Wilmington DE 19803, Wilmington, Delaware, DELAWARE, 19803, United States	1,000 Ordinary shares	100%	Holding company
TAPI Puerto Rico, Inc.*	Highway #1 km 34.18 "A" Street, Caguas, PR 00626, Caguas, Puerto Rico, 784, Puerto Rico	2,035,680 Ordinary shares	100%	API, Manufacturing
Teva API Services Mexico, S.de R.L. de C.V.*	Avenida San Rafael, #34, Lerma, 52000, Mexico	2,999 Management Shares	100%	API, Commercial, Distribution, Manufacturing
Teva Biopharmaceuticals USA, Inc.*	425 Privet Road, Horsham, PA 19044, United States	100 Common Stock shares	100%	R&D
Teva Branded Pharmaceutical Products R&D, Inc.*	41 Moores Road, Frazer, PENNSYLVANIA, 19355, United States	100 Common Stock shares	100%	Holding company
Teva Neuroscience, Inc.*	11100 Nall Avenue, Overland Park, Kansas 66211, Overland Park, KANSAS, 66211, United States	1,000 Ordinary Shares	100%	Marketing
Teva Parenteral Medicines, Inc.*	19 Hughes, Irvine CA 92618, P.O.B: NA, Irvine, CALIFORNIA, 92618, United States	1,000 Ordinary shares	100%	Manufacturing
TEVA PERU S.A.*	Avenue Venezuela 5415, San Miguel, Lima, Peru, Lima, Peru, Peru	59,598,529 Common Stock shares	100%	Manufacturing
Teva Pharmaceutical Finance Company LLC*	1090 Horsham Road North, United States	100 Units shares	100%	Investment, Financial
Teva Pharmaceutical Finance IV, LLC*	1090 Horsham Road North, United States	1 LLC Membership Interest/Units shares	100%	Financial, Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Teva Pharmaceutical Finance V, LLC*	1090 Horsham Road, North Wales PA 19454, United States	1 LLC Membership Interest/Units shares	100%	Financial, Holding company
Teva Pharmaceutical Finance VI, LLC*	1090 Horsham Rd, North Wales 19454, United States	1 LLC Membership Interest/Units shares	100%	Financial, Holding company
TEVA Pharmaceuticals Mexico S.A. de C.V.*	Pasaje de Interlomas No. 16, 5 piso, Mexico City, Mexico	4,999 Ordinary shares	100%	Commercial
Teva Respiratory, LLC*	41 Moores Road, Frazer, PA 19355, Frazer, PENNSYLVANIA, 19355, United States	1 Common Stock shares	100%	Manufacturing, Marketing
Teva Pharmaceuticals Colombia S.A.S*	Carrera 11, N. 73-44 ofic., 604, Bogota, Colombia	128,480 Shares	100%	Distribution, Manufacturing
Teva Sales and Marketing, Inc.*	11100 Nall Ave, Overland Park KS 66211, United States	100 Common Stock shares	100%	Holding company, Marketing
TEVA Uruguay S.A.*	Av. Uruguay 1227, Montevideo, Uruguay, Uruguay	39,836 Ordinary Shares	100%	Commercial, Distribution, Manufacturing
Teva Women's Health, Inc.*	5040 Duramed Drive, Cincinnati OH 45213, United States	1,000 Common Stock shares	100%	Manufacturing, Marketing
TEVCO Incorporated*	103 Foulk Road, Wilmington, Delaware, P.O.B: 19803, WILMINGTON, DELAWARE, United States	3,000 Ordinary shares	100%	Holding company
Women's Capital Corporation*	400 Interpace Parkway, Bldg. A, Parsippany NJ 07054, United States	100 Common Stock shares	100%	Marketing
Actavis Elizabeth LLC*	200 Elmora Avenue, Elizabeth NJ 07020, United States	1 LLC Membership Interest/Units shares	100%	Manufacturing
Actavis Holdco US, Inc*.	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
Actavis Kadian LLC*	400 Interpace Parkway, Bldg. A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Actavis Laboratories FL, Inc.*	4955 Orange Drive, Davie FL 33314, United States	100 Common shares	100%	Manufacturing
Actavis Laboratories NY, Inc.*	33 Ralph Avenue, Copiague NY 11726, United States	100 Common shares	100%	Manufacturing
Actavis Laboratories UT, Inc.*	575-577-579 Chipet Way, Salt Lake City UT 84108, United States	100 Common shares	100%	Manufacturing
Actavis LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07545, United States	1 LLC Membership Interest/Units shares	100%	Manufacturing, Holding company
Actavis Mid Atlantic LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Marketing/Holding company
Actavis Pharma, Inc.*	400 Interpace Parkway, Bldg. A, Parsippany PA 07054, United States	100 Common shares	100%	Distribution/Holding company
Actavis Puerto Rico Holdings Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	99 Common shares	100%	Marketing/Holding company
Actavis South Atlantic LLC*	1300 Sawgrass Corp Parkway, Sunrise FL 33323, United States	1 LLC Membership Interest/Units shares	100%	Manufacturing, Marketing
Actavis Totowa LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Marketing
Actavis US Holding LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company
Andrx Laboratories (NJ), Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company
ANDRX LABS, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Dormant company
Andrx LLC*	2945 W Corporate Lake Blvd., Weston FL 33331, United States	1 LLC Membership Interest/Units shares	100%	Dormant company
Andrx Pharmaceuticals (Mass), Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Andrx Pharmaceuticals (NC) Equipment, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Dormant company
Andrx Pharmaceuticals (NC), Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company
Andrx Pharmaceuticals Equipment #1, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1000 unit shares	100%	Dormant company
Andrx Pharmaceuticals Sales and Marketing, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company
Andrx Pharmaceuticals, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Dormant company
Andrx South Carolina I, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company
Changzhou Siyao Pharmaceuticals Co., Ltd.*	Meilongba, Southern Suburbs, Changzhou, Jiangsu, China	1,770,000 Registered Capital shares	25%	Marketing, Manufacturing, Development, Research Holding company
Circa Pharmaceuticals West, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	
CIRCASUB, INC.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
Cobalt Laboratories LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company
Coventry Acquisition, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company
Makoff R&D Laboratories, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
Med All Enterprise Consulting (Shanghai) *Co., Limited*	Room 3104, 31F, B Stock, Yujing International Business Square, No. 555 Ave Pudong, Shanghai, Pudong New District, China	2,000,000 Registered Capital shares	100%	Investment
Natrapac, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Nicobrand Limited*	189 Castleroe Road, Coleraine, Londonderry, BT51 3RP, Northern Ireland	2,285,000 Ordinary shares	100%	Manufacturing
R&D Ferrlecit Capital Resources, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
R&D New Media Services, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
R&D Pharmaceuticals, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
R&D Research & Development Corporation*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
Royce Laboratories, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
Royce Research Group, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing/R&D
Rugby Laboratories, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
RxAPS, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Dormant company
Schein Bayer Pharmaceutical Services, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
Schein Pharmaceutical International, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1000 Common shares	100%	Marketing
SR Six, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1000 Common shares	100%	Dormant company
The Rugby Group, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
Watson Cobalt Holdings, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company, Marketing
Watson Diagnostics, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company, Marketing
Watson Laboratories, Inc [Connecticut]*	322 East Main Street, Branford CT 06405, United States	100 Common shares	100%	Manufacturing
Watson Laboratories, Inc. [Nevada]*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1000 Common shares	100%	Holding company, Marketing, Manufacturing
Watson Laboratories, Inc. – Arizona*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1,000 Preferred Stock shares, 180,000 Voting Common Stock shares	100%	Holding company
Watson Laboratories, Inc. – Ohio*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Holding company
Watson Laboratories, LLC*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 LLC Membership Interest/Units shares	100%	Holding company
Watson Management Corporation*	3040 Universal Boulevard #150, Weston FL 33331, United States	500 Common shares	100%	Marketing
Watson Manufacturing Services, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Marketing
Watson Pharma Private Limited*	21-22, Kalpataru Square, Kondivita Lane, Off Andheri Kurla Road, Andheri (East), Maharashtra, 400059, India	55,002,461 Equity Shares	100%	Development, Manufacturing, Commercial, Distribution
Watson Pharmaceuticals (Asia) Limited*	Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands	50,000 Ordinary shares	100%	Holding company
Watson Pharmaceuticals (China) Limited*	Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands	50,000 Ordinary shares	100%	Holding company
Watson Pharmaceuticals International, Limited*	Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands	10,000 Ordinary shares	100%	Holding company
Watson Therapeutics, Inc.*	3400 Enterprise Way, Miramar FL 33025, United States	100 Common shares	100%	Marketing

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Notes to the financial statements for the period ended 31 December 2016 (continued)

8. Investments (continued)

Name of undertaking	Registered office address	Description of shares held	Held by company %	Principal business activity
WP Holdings Ltd.*	Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands	1,000 Ordinary shares	100%	Holding company
Marsam Pharmaceuticals LLC*	24 Onley Avenue Cherry Hill NJ 08003 United States	1 LLC Membership Interest/Units shares	100%	Marketing
MSI Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	500 Common shares	100%	Holding company
Schein Pharmaceutical (Bermuda) Ltd*	O'Hara House, 3 Bermudiana Road Hamilton HM 8 Bermuda	12,000 Ordinary Shares	100%	Dormant company
Royce Research and Development Limited Partner I*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	1 Partnership Unit	100%	Dormant company
Actavis Pharmaceuticals NJ, Inc.*	400 Interpace Parkway, Bldg A, Parsippany NJ 07054, United States	100 Common shares	100%	Manufacturing/R&D

* held indirectly

During the period the company received dividends of \$nil from Teva UK Holdings Limited (prior period: \$338,719,000).

On 31 May 2016 a Demerger of the UK subsidiary companies owned by Orvet UK was completed. Teva UK Holdings Limited and its subsidiaries were transferred from its previous parent company, Orvet UK, to a newly incorporated Teva company called Teva Pharma Holdings Limited (for more details refer to the Strategic Report).

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Notes to the financial statements for the period ended 31 December 2016 (continued)

9. Debtors

	31 December 2016 \$'000	As restated (note 16) 31 May 2016 \$'000
Amounts falling due within one year:		
Amounts owed by group undertakings	820	56
	820	56

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

10. Creditors: amounts falling due within one year

	31 December 2016 \$'000	As restated (note 16) 31 May 2016 \$'000
Amounts owed to group undertakings	3,194	2,438
	3,194	2,438

Amounts owed to group undertakings are interest free. No security is held for balances owed to group undertakings, which are repayable on demand. Interest was due on an amount owed to Teva Holdings UK Limited, a group undertaking, at a rate of 6.17% per annum. This balance was repaid in full during the period ended 31 May 2016.

11. Deferred taxation

No deferred taxation has been recognised in the financial statements. The unrecognised deferred tax asset is as follows:

	Amount unrecognised 31 December 2016 \$'000	As restated (note 16) 31 May 2016 \$'000
Tax effect of timing differences because of:		
Other timing differences	5	252
Losses	2,442	2,442
Deferred tax asset	2,447	2,694

The directors consider it unlikely that there will be sufficient taxable profits in the future to realise the deferred tax asset, and therefore the potential asset has not been recognised in these financial statements.

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Notes to the financial statements for the period ended 31 December 2016 (continued)

12. Called up share capital

	31 December 2016	As restated (note 16) 31 May 2016
Allotted, called up and fully paid		
48,665 ordinary shares of £0.01 each (prior period: 48,665 ordinary shares of £0.01 each)	\$826	\$826

13. Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection from the address in note 14. Consequently, the company has taken advantage of the exemption available under the terms of FRS 102 not to disclose related party transactions with group companies.

14. Ultimate parent company

The immediate parent undertaking is Teva Pharmaceuticals Europe B.V., 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 smallest and 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 5 Basel St., Petach Tikva 49131, Israel.

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Notes to the financial statements for the period ended 31 December 2016 (continued)

15. Financial instruments

The company has the following financial instruments:

	Note	31 December 2016 \$'000	As restated (note 16) 31 May 2016 \$'000
Financial assets that are debt instruments measured at amortised cost			
Amounts owed by group undertakings	9	820	56
		820	56
Financial liabilities that are debt instruments measured at amortised cost			
Amounts owed to group undertakings	10	3,194	2,438
		3,194	2,438

16. Functional and presentation currency

From 1 June 2016 onwards Orvet UK is an intermediate holding company of US group companies only and it has been determined that this will result in a change in functional currency from GBP to USD, which will be applied prospectively to the company's financial statements from 1 June 2016.

The company has changed its presentation currency to US dollars for the period starting from 1 June 2016. This is a change in accounting policy and hence its results for the five months to 31 May 2016 (the comparative period with a functional currency of GBP) have been restated to USD.

The prior period results include an exchange reserve in order to reflect the fact that the presentation currency (USD) differs from the functional currency for that period (GBP). The retrospective change in presentation currency to USD has given the same results as if the presentation currency had always been in USD. This has been achieved by applying the following rates of exchange:

- for the assets and liabilities of the company as at 31 May 2016, the closing exchange rate as at that date;
- for the statement of comprehensive income for the period ended 31 May 2016, the average rate for the period;
and
- the opening equity of the company as at 1 January 2016, the historical rate, being the rate at the date of issue of each equity instrument and average rate for each period in which retained earnings arose.