Registered no: 3188178

Orvet UK Limited

Annual report

for the year ended 31 December 1998

Annual report for the year ended 31 December 1998

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 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activities

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

The group's principal activities are the manufacture and distribution of pharmaceutical products.

Review of business, post balance sheet events and future developments

The consolidated profit and loss account for the year is set out on page 8.

In line with the goal of improving long term profitability, the board has made the strategic decision to move production of pharmaceuticals from Eastbourne to another group company based in Hungary. This move commenced during the year ended 31 December 1998 and will be completed in the coming year.

Dividends

The directors do not recommend the payment of a dividend (1997: £Nil).

Group research and development activities

The group is committed to research and development activities in order to maximise its position in the market for pharmaceutical products. Amounts spent in respect of research and development are detailed in note 10 to the financial statements.

Directors

The directors at the date of this report are shown on page 2. Directors who served during the year were as follows:

C Hurvitz
T J Andriessen
A G Kay
P Horsman

None of the directors at 31 December 1998 had an interest in the shares of the company during the year, or of any group company incorporated in Great Britain.

Employees

During the year, employees were regularly provided with information regarding the financial and economic factors affecting the performance of the group and on other matters of concern to them as employees, through the medium of regular employee reports. Additionally, regular consultations took place with employee representatives so that the views of employees could be taken into account when making decisions which are likely to affect their interests.

Applications for employment from disabled persons are given full and fair consideration and, where practicable, employees who are disabled are given appropriate training whilst employed by the group. Every effort is made to continue the employment of people who become temporarily or permanently disabled.

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 and group as at the end of the financial year and of the profit or loss of the group 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 1998. 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

The year 2000 issue is being assessed on a group basis, incorporating all companies within the UK group, headed by Orvet UK Limited.

A year 2000 Project has been established and a project leader nominated to co-ordinate the internal efforts and to ensure that the Information Systems, Factory Floor, Facilities, Supply Chain and daily operations experience a smooth transition to the 21st Century.

Recognising that we are dependent on the effort of others, including our own suppliers, and the present state of testing tools and understanding of the Year 2000 problem, it is our objective to implement a successful Year 2000 Project, to become Year 2000 ready by October 1999 and to continue regular business operations both during and after the millennium transition, at an estimated cost of £743,000.

However, we can not give any assurances that all aspects of the Year 2000 problems that might affect the company, including those related to our customers, vendors and other business partners, will be fully solved.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers. A resolution to appoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

Director
[illegible] 1999

Report of the auditors to the members of Orvet UK Limited

We have audited the financial statements on pages 8 to 23 which have been prepared under the historical cost convention and the accounting polices as set out on pages 10 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practice 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 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 affairs of the company and the group at 31 December 1998, and of the loss of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Leeds
7 September 1999

Consolidated profit and loss account for the year ended 31 December 1998

	Notes	1998 £'000	1997 £'000
Turnover	2	**41,733**	46,758
Cost of sales		**(30,195)**	(33,978)
Exceptional cost of sales	3	**(1,393)**	-
Total cost of sales		**(31,588)**	(33,978)
Gross profit		**10,145**	12,780
Net operating expenses	4	**(12,366)**	(12,501)
Exceptional net operating expenses	3	**(1,203)**	-
Other operating income	5	**1,815**	-
Operating (loss)/profit		**(1,609)**	279
Interest receivable and similar income	8	**9**	-
Interest payable and similar charges	9	**(3,181)**	(2,366)
Loss on ordinary activities before taxation	10	**(4,781)**	(2,087)
Tax on loss on ordinary activities	11	-	-
Sustained loss for the financial year	12,23	**(4,781)**	(2,087)

The group 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 sustained loss for the year stated above, and their historical cost equivalents.

Balance sheets at 31 December 1998

	Notes	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Fixed assets					
Intangible assets	13	**11,956**	12,637	-	-
Tangible assets	14	**8,972**	8,651	-	-
Investments	15	-	-	**34,036**	34,036
		20,928	21,288	**34,036**	34,036
Current assets					
Stocks	16	**13,420**	12,671	-	-
Debtors	17	**8,271**	9,378	**1,635**	1,043
Cash at bank and in hand		**67**	59	**57**	-
		21,758	22,108	**1,692**	1,043
Creditors: amounts falling due within one year	18	**(49,472)**	(44,895)	**(40,198)**	(37,029)
Net current liabilities		**(27,714)**	(22,787)	**(38,506)**	(35,986)
Total assets less current liabilities		**(6,786)**	(1,499)	**(4,470)**	(1,950)
Creditors: amounts falling due after more than one year	19	**(390)**	(515)	-	-
Provisions for liabilities and charges	20	**(60)**	(441)	-	-
		(450)	(956)	-	-
Net liabilities		**(7,236)**	(2,455)	**(4,470)**	(1,950)
Capital and reserves					
Called up share capital	22	-	-	-	-
Profit and loss account	23	**(7,236)**	(2,455)	**(4,470)**	(1,950)
Deficit on equity shareholders' funds	24	**(7,236)**	(2,455)	**(4,470)**	(1,950)

The financial statements on pages 8 to 23 were approved by the board of directors on 7th Sept 1999 and were signed on its behalf by:

A G Kay
Director

P Horsman
Director

Notes to the financial statements for the year ended 31 December 1998

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.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all of its subsidiary undertakings made up to 31 December 1998.

Going concern

The directors have adopted the going concern basis in preparing the financial statements following receipt of a letter of support from Teva Pharmaceutical Industries Limited, the ultimate parent undertaking. The directors of Teva Pharmaceutical Industries Limited have confirmed that it is their intention to provide ongoing financial support for the foreseeable future.

Cash flow statement

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose 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.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is capitalised and amortised on a straight line basis, over 20 years, following the accounting policies of the ultimate parent undertaking.

1 Principal accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	4
Leasehold buildings	period of lease
Plant and equipment	10 - 20

Freehold land is not depreciated.

Where the directors consider that a permanent diminution in value has occurred, an appropriate provision is made at that time.

Additions to fixed assets are depreciated from the time when they are brought into use.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads. Estimated net realisable value consists of expected sales value less costs required to bring stock to its current condition and location. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

1 Principal accounting policies (continued)

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.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods supplied to customers.

Development expenditure

Development expenditure and expenditure on applications for patents, licences and trademarks is written off in the year in which it is incurred.

Pension costs

The group participates in a hybrid pension scheme that provides retirement benefits on a defined benefit and a defined contribution basis. The scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. Pension costs for the defined benefit section of the scheme are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme. Pension costs for the defined contribution section of the scheme are accounted for as they fall due for payment to the scheme.

The group provides no other post retirement benefits to its employees.

2 Turnover

The group's turnover was all derived from its principal activity. Sales were made in the following geographical markets:

	1998 £'000	1997 £'000
United Kingdom	**40,818**	45,724
Rest of Europe	**606**	846
Rest of the World	**309**	188
	41,733	46,758

3 Exceptional cost of sales and net operating expenses

During the year the board of directors of the company's subsidiary undertaking, Approved Prescription Services Limited, made the strategic decision to move production of its pharmaceutical products from the company's manufacturing facility in Eastbourne to another group undertaking of Teva Pharmaceutical Industries Limited, based in Hungary.

The exceptional charges represents the costs of making employees redundant and other associated employee costs, a provision for the writedown in value of fixed assets at the Eastbourne site which will no longer be of operational use and other costs that arise as a direct result of the decision to move production to Hungary.

4 Net operating expenses

	1998 £'000	1997 £'000
Selling and distribution costs	**3,332**	3,061
Administrative expenses	**9,034**	9,440
	12,366	12,501

5 Other operating income

Other operating income represents commission received as part of a trade agreement controlling the rights to promote a particular product.

6 Directors' emoluments

None of the directors received any remuneration for their services to the company during the year ended 31 December 1998 (1997: £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.

7 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

	1998	1997
	Number	Number
By activity		
Office and management	**106**	109
Manufacturing and distribution	**216**	237
	322	346

In addition to the above, the average number of persons employed during the year on a temporary basis was 6 (1997: 5).

	1998	1997
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	**6,612**	6,502
Social security costs	**496**	505
Other pension costs (see note 21)	**364**	633
	7,472	7,640

8 Interest receivable and similar income

	1998	1997
	£'000	£'000
Interest receivable on bank deposits	**9**	-

9 Interest payable and similar charges

	1998 £'000	1997 £'000
On group loans	**451**	-
On bank loans and overdrafts	**2,656**	2,162
On finance leases	**59**	44
On late payment of tax	**15**	-
Exchange losses on foreign currency bank loans	**-**	160
	3,181	2,366

10 Loss on ordinary activities before taxation

	1998 £'000	1997 £'000
Loss on ordinary activities before taxation is stated after (crediting)/charging:		
Development expenditure	**740**	694
Depreciation charge for the year:		
Tangible owned fixed assets	**1,162**	1,088
Tangible fixed assets held under finance leases	**271**	190
(Profit)/loss on disposal of tangible fixed assets	**(12)**	9
Auditors' remuneration for:		
Audit (Company: £7,600 (1997: £10,000)	**46**	40
Non audit services (company : £23,000 (1997:£Nil))	**45**	27
Hire of plant and machinery - operating leases	**16**	25
Hire of other assets - operating leases	**191**	277
Amortisation of goodwill	**681**	681

11 Tax on loss on ordinary activities

	1998 £'000	1997 £'000
Tax on ordinary activities		
United Kingdom corporation tax at 31% (1997: 31.5%)		
Current	**-**	-

The company and its subsidiary undertakings are part of a UK tax group.

12 Loss for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £2,520,000 (1997: £1,573,000).

13 Intangible fixed assets

The company has no intangible fixed assets. Details of those relating to the group are as follows:

	Goodwill £'000
Cost	
At 1 January 1998 and 31 December 1998	**13,616**
Amortisation	
At 1 January 1998	979
Amortisation for the year	681
At 31 December 1998	**1,660**
Net book value	
At 31 December 1998	**11,956**
Net book value	
At 31 December 1997	12,637

Goodwill arose on the purchase by Orvet UK Limited of Approved Prescription Services Limited. The goodwill is to be written off over 20 years which is consistent with the accounting policy adopted by the rest of the group.

14 Tangible fixed assets

Group

	Land and buildings £'000	Plant and equipment £'000	Work in progress £'000	Total £'000
Cost				
At 1 January 1998	3,791	5,201	1,253	10,245
Additions	-	337	2,096	2,433
Transfers	217	2,902	(3,119)	-
Disposals	-	(124)	-	(124)
Transfer to group company	-	(589)	-	(589)
At 31 December 1998	**4,008**	**7,727**	**230**	**11,965**
Depreciation				
At 1 January 1998	186	1,408	-	1,594
Charge for the year	139	1,294	-	1,433
Disposals	-	(74)	-	(74)
Provision for diminution in value	-	250	-	250
Transfer to group company	-	(210)	-	(210)
At 31 December 1998	**325**	**2,668**	**-**	**2,993**
Net book value				
At 31 December 1998	**3,683**	**5,059**	**230**	**8,972**
Net book value				
At 31 December 1997	3,605	3,793	1,253	8,651

The net book value of tangible fixed assets includes an amount of £374,000 (1997: £596,000) in respect of assets held under finance leases.

Provision for the diminution in value represents the decrease in the net book value of certain fixed assets as a result of the decision to move production of the pharmaceutical products to another group undertaking in Hungary. This is explained further in note 3.

Land and buildings at net book value comprise:

	1998 £'000	1997 £'000
Freeholds	**2,076**	1,977
Long leaseholds	**1,555**	1,573
Short leaseholds	**52**	55
	3,683	3,605

Depreciation has not been charged on freehold land which is stated at a cost of £500,000 (1997: £500,000).

15 Fixed asset investments

Company

	1998 £'000	1997 £'000
Cost		
Interests in subsidiary undertakings	**34,036**	34,036

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	
			Group	Company
Approved Prescription Services Limited	Great Britain	Ordinary £1 shares	100%	100%
Berk Pharmaceuticals Limited	Great Britain	Ordinary £1 shares	100%	-
APS/Berk Limited	Great Britain	Ordinary £1 shares	100%	26%

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

(a) Approved Prescription Services Limited - manufacture and distribution of pharmaceutical products
(b) Berk Pharmaceuticals Limited - dormant
(c) APS/Berk Limited - sale and distribution of pharmaceutical products

16 Stocks

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Raw materials and consumables	**3,126**	2,270	-	-
Work in progress	**3,667**	2,339	-	-
Finished goods and goods for resale	**6,627**	8,062	-	-
	13,420	12,671	-	-

17 Debtors

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Amounts falling due within one year				
Trade debtors	7,572	8,528	-	-
Amounts owed by parent and fellow subsidiary undertakings	12	47	-	-
Corporation taxation recoverable	346	347	-	185
Group relief receivable	-	-	1,545	768
Prepayments and accrued income	251	327	-	-
Other debtors	90	129	90	90
	8,271	9,378	1,635	1,043

18 Creditors: amounts falling due within one year

	Group 1998 £'000	Group 1997 £'000	Company 1998 £'000	Company 1997 £'000
Bank overdraft	816	219	-	-
Bank loans	33,250	33,250	33,250	33,250
Obligations under finance leases	147	189	-	-
Trade creditors	4,508	5,173	-	-
Amounts owed to parent and fellow subsidiary undertakings	5,893	3,600	6,785	3,510
Other taxation and social security	220	499	-	-
Accruals and deferred income	4,638	1,965	163	269
	49,472	44,895	40,198	37,029

The bank loans are repayable on demand and are renewed every 3 months. They are guaranteed by Teva Pharmaceutical Industries Limited, the ultimate parent undertaking.

19 Creditors: amounts falling due after more than one year

Group

	1998 £'000	1997 £'000
Obligations under finance leases	**390**	515

The net finance lease obligations to which the group is committed are:

	1998 £'000	1997 £'000
In one year or less	**147**	189
Between two and five years inclusive	**390**	515
	537	704

20 Provisions for liabilities and charges

Pension and similar obligations

Group

	£'000
At 1 January 1998	441
Released to the profit and loss account	(441)
Provision for pension costs	60
At 31 December 1998	**60**

Pension and similar obligations are explained further in note 21.

Deferred taxation

The company and the group have not provided for deferred taxation in the financial statements. The amount of the unrecognised deferred taxation asset is as follows:

	Group Amount unprovided		Company Amount unprovided	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	**524**	139	**-**	-
Losses	**355**	(11)	**355**	-
Other timing differences	**525**	-	**-**	-
Deferred tax asset/(liability)	**1,404**	128	**355**	-

21 Pension and similar obligations

The group participates in the Approved Prescription Services Limited Retirement and Death Benefit Scheme ("the APS Scheme") which offers both a defined contribution scheme and a final benefits scheme to employees. The defined contributions scheme provides a guaranteed minimum level of benefits to certain employees. The final benefits scheme is based on an employee's final pensionable salary. The assets of the APS Scheme are held in a separate trustee administered fund.

The APS Scheme accepted a number of new members during the year from the Rhône-Poulenc Rorer Pension Scheme ("the Rhône-Poulenc Pension Scheme") which was as a result of the change in ownership of the entity from Rhône-Poulenc Rorer Holdings Limited to Teva Pharmaceutical Industries Limited.

The total pension cost for the group was £364,000 (1997: £633,000).

The pension cost relating to the APS Scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the APS Scheme, which is due to be signed by the independent qualified actuary by 31 March 1999, was at 1 April 1997. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments, rate of increase in dividends and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8.5% per annum, dividend increases would be 4.75% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 4.5% per annum.

At the date of the latest actuarial valuation at 1 April 1997, the market value of the assets of the APS Scheme was £1,200,000 and the actuarial value of the assets was sufficient to cover 109% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The pension cost for the group was £805,000 (1997: £633,000) of which £60,000 (1997: £Nil) is the provision required under SSAP24, reflecting the difference between the regular cost for the year, as advised by the scheme actuary, and the actual contributions paid during the year.

As at 1 January 1998 provisions for liabilities and charges included an SSAP24 provision of £441,000. This provision relates to the pension arrangements that existed when the company was owned by Rhône-Poulenc Rorer Holdings Limited. The company's pension arrangements are now provided by the APS Scheme and it is no longer appropriate to maintain this provision. Consequently, the £441,000 provision has been released to the profit and loss account during the year.

22 Called up share capital

	1998 £	1997 £
Authorised		
100 ordinary shares of £1 each	**100**	100

	1998 £	1997 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

23 Profit and loss account

	Group £'000	Company £'000
At 1 January 1998	(2,455)	(1,950)
Loss sustained for the year	(4,781)	(2,520)
At 31 December 1998	**(7,236)**	**(4,470)**

24 Reconciliation of movements in shareholders' funds

	1998 £'000	1997 £'000
Opening deficit on shareholders' funds	**(2,455)**	(368)
Loss sustained for the financial year	**(4,781)**	(2,087)
Closing deficit on shareholders' funds	**(7,236)**	(2,455)

25 Capital commitments

Group

	1998 £'000	1997 £'000
Capital expenditure that has been contracted but not provided for in the financial statements	**180**	1,571

26 Financial commitments

At 31 December 1998 the group had annual commitments under non-cancellable operating leases as follows:

	1998		1997	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	7	-	7
Expiring between two and five years inclusive	-	36	-	36
Expiring in over five years	151	-	151	-
	151	43	151	43

27 Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose 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.

28 Post balance sheet events

On 8 April 1999, the company acquired all of the issued share capital of Prosintex ICI Srl from Teva Pharmaceuticals Europe BV, a fellow subsidiary undertaking of Teva Pharmaceutical Industries Limited. The consideration paid totalled £27,164,000 and was satisfied by the issue of 26 ordinary shares.

29 Parent companies

Immediate parent

The directors regard Teva Pharmaceuticals Europe BV, a company incorporated in Holland, as the immediate parent undertaking and ultimate controlling party. Teva Pharmaceuticals Europe BV is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited.

Ultimate parent

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