

Registered number: 01472031

CHATTEM (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



CHATTEM (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

S Oldfield (resigned 25 July 2014)
A Prosser
Tarja Stenvall (appointed 19 November 2014)

REGISTERED NUMBER

01472031

REGISTERED OFFICE

One Onslow Street
Guildford
GU1 4YS

INDEPENDENT AUDITOR

Ernst & Young
Chartered Accountants and Statutory Auditors
The Atrium
Maritana Gate
Canada Street
Waterford

BANKERS

National Westminster
PO Box 2153
1 - 4 Berkeley Square House
Berkeley Square
London
W1A 1SN

CHATTEM (UK) LIMITED

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CHATTEM (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €908,480 (2013 - loss €243,024).

The directors do not recommend the payment of an ordinary dividend in respect of the year (2013 - €NIL). Preference share dividends totaling €294,455 have been accrued during the year (2013 - €283,373).

DIRECTORS

The directors who served during the year were:

S Oldfield (resigned 25 July 2014)

A Prosser

Tarja Stenvall (appointed 19 November 2014)

Sanofi-aventis, SA maintains liability insurance for the directors and officers of all group companies. Sanofi-aventis, SA has also provided an indemnity for the directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

PRINCIPAL RISKS AND UNCERTAINTIES

Interest rate risk

The company has short term interest bearing assets that include amounts receivable from group companies, which earn interest at LIBOR minus 15 basis points.

FUTURE DEVELOPMENTS

It is the intention of the directors to simplify the balance sheet structure of the company via share capital increase and dividends.

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of exemptions conferred by Sections 381 and 382 Chapter 1 of Part 15 of the Companies Act 2006 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

CHATTEM (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are unaware, and
- having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young as auditor of the company.

This report was approved by the board on

and signed on its behalf.


A Prosser
Director

4/2/16

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATTEM (UK) LIMITED

We have audited the financial statements of Chattem (UK) Limited for the year ended 31 December 2014 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 2, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATTEM (UK) LIMITED
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Tom O'Keeffe (Senior statutory auditor)
for and on behalf of Ernst & Young
Chartered Accountants
Waterford
18 February 2016

CHATTEM (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 €	2013 €
Administrative expenses		<u>(594,010)</u>	<u>37,425</u>
OPERATING (LOSS)/PROFIT	2	(594,010)	37,425
Interest receivable and similar income	4	4,234	1,521
Interest payable and similar charges	5	<u>(294,455)</u>	<u>(283,407)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(884,231)	(244,461)
Tax on loss on ordinary activities	6	<u>(24,249)</u>	<u>1,437</u>
LOSS FOR THE FINANCIAL YEAR	14	<u><u>(908,480)</u></u>	<u><u>(243,024)</u></u>

All amounts relate to non-trading operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

CHATTEM (UK) LIMITED
REGISTERED NUMBER: 01472031

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	€	2014 €	€	2013 €
CURRENT ASSETS					
Debtors	7	2,302,650		2,307,150	
Investments	8	1		1	
Cash at bank		2,687,035		2,560,837	
		<u>4,989,686</u>		<u>4,867,988</u>	
CREDITORS: amounts falling due within one year	9	<u>(6,384,712)</u>		<u>(5,354,534)</u>	
NET CURRENT LIABILITIES			<u>(1,395,026)</u>		<u>(486,546)</u>
NET LIABILITIES			<u>(1,395,026)</u>		<u>(486,546)</u>
CAPITAL AND RESERVES					
Called up share capital	13		28,715		28,715
Profit and loss account	14		<u>(1,423,741)</u>		<u>(515,261)</u>
SHAREHOLDERS' DEFICIT	10		<u>(1,395,026)</u>		<u>(486,546)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


A Prosser
 Director

4/12/16

The notes on pages 7 to 11 form part of these financial statements.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with applicable accounting standards.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

Investments are shown at cost less provision for impairment.

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the Profit and loss account.

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.7 Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Accordingly, a financial instrument is treated as equity if there is no contractual obligation to deliver cash or other financial asset or to exchange financial assets or liabilities on terms that may be unfavourable.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2014 €	2013 €
Auditors' remuneration	2,307	7,000
(Gain)/ loss on foreign exchange	590,616	(46,306)
	<u>590,616</u>	<u>(46,306)</u>

3. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2013 - €NIL).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 €	2013 €
Bank interest receivable	4,234	1,521
	<u>4,234</u>	<u>1,521</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 €	2013 €
Other interest payable	-	34
Dividends accrued on shares classed as debt	294,455	283,373
	<u>294,455</u>	<u>283,407</u>

6. TAXATION

	2014 €	2013 €
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on loss for the year	24,225	346
Adjustments in respect of prior periods	24	(1,783)
	<u>24,249</u>	<u>(1,437)</u>
Tax on loss on ordinary activities	<u>24,249</u>	<u>(1,437)</u>

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

6. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.247%). The differences are explained below:

	2014 €	2013 €
Loss on ordinary activities before tax	<u>(884,231)</u>	<u>(244,461)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.247%)	(190,049)	(56,830)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	213,984	57,176
Adjustments to tax charge in respect of prior periods	24	(1,783)
Other differences leading to an increase (decrease) in the tax charge	290	-
Current tax charge/(credit) for the year (see note above)	<u>24,249</u>	<u>(1,437)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% was substantively enacted on 2 July 2013 and is effective from 1 April 2014. A hybrid rate of 21.493% therefore applies to the current tax charge arising during the period.

Further reductions to 20% (effective from 1 April 2015), 19% (effective 1 April 2017) and 18% (effective 1 April 2018) were substantively enacted on 2 July 2013.

7. DEBTORS

	2014 €	2013 €
Due within one year		
Trade debtors	1,889	1,889
Amounts owed by group undertakings	2,300,761	2,305,261
	<u>2,302,650</u>	<u>2,307,150</u>

8. CURRENT ASSET INVESTMENTS

	2014 €	2013 €
Shares in group undertakings	<u>1</u>	<u>1</u>

The company owns one €1 share, being 0.01% of the issued share capital of Chattem Greece SA.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

9. CREDITORS:

Amounts falling due within one year

	2014	2013
	€	€
Trade creditors	11,190	11,190
Amounts owed to group undertakings	67,407	-
Corporation tax	24,595	51,837
VAT control	5,322	5,322
Cumulative accrued dividend	2,018,304	1,723,849
Accruals and deferred income	17,989	20,182
Share capital treated as debt (Note 13)	4,239,905	3,542,154
	<u>6,384,712</u>	<u>5,354,534</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 13.

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014	2013
	€	€
Opening shareholders' deficit	(486,546)	(243,522)
Loss for the financial year	(908,480)	(243,024)
Closing shareholders' deficit	<u>(1,395,026)</u>	<u>(486,546)</u>

11. CONTINGENT LIABILITIES

The company is party to a guarantee entered into by Chattem Inc. in respect of certain banking facilities of the group.

12. RELATED PARTY TRANSACTIONS

The company's ultimate parent company is Sanofi, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Sanofi group.

13. SHARE CAPITAL

	2014	2013
	€	€
Shares classified as capital		
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>28,715</u>	<u>28,715</u>

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13. SHARE CAPITAL (continued)

Shares classified as debt

Allotted, called up and fully paid

2,953,094 Preference shares of £1 each	<u>4,239,905</u>	<u>3,542,154</u>
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The 8% cumulative redeemable preference shares carry an entitlement to dividend at the rate of 8 pence per share per annum and may be redeemed at par at the holder's or the company's option. On a winding up of the company, holders of preference shares are entitled to receive repayment of the capital paid up in priority to any repayment to the holders of any other class of shares, together with all arrears, deficiencies and/or accruals, if any, of the fixed dividend on a daily basis up to and including the date of commencement of the winding up (in the case of a winding up) or on return of capital (in any other case) and to be payable whether or not such dividend has been declared or earned. Preference shareholders are not entitled to receive notice of, attend, speak, or vote at any General Meeting of the company unless it is in consideration of a resolution for winding up the company or for the appointment of an administrator.

The holders of the 8% cumulative redeemable preference shares did not receive a dividend in the current or previous year. Dividends on the preference shares have not been proposed and paid since the year ended 30 November 2007, and the current arrears of preference shares dividend to 31 December 2014 is €2,018,304 (2013 - €1,723,849).

14. RESERVES

	Profit and loss account €
At 1 January 2014	(515,261)
Loss for the financial year	(908,480)
	<u>(1,423,741)</u>
At 31 December 2014	<u>(1,423,741)</u>

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the company is Chattem Global Consumer Products Limited, Ireland.

The ultimate parent undertaking and controlling party is Sanofi a company incorporated in France. Sanofi is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Sanofi are available from Sanofi, 54, Rue La Boetie, 75008 Paris, France.