

Registered number: 01472031

CHATTEM (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012



CHATTEM (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

S Oldfield
A Prosser

REGISTERED NUMBER

01472031

REGISTERED OFFICE

One Onslow Street
Guildford
GU1 4YS

INDEPENDENT AUDITOR

Ernst & Young
Barrington House
Barrington Street
Limerick
Ireland

BANKERS

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

CHATTEM (UK) LIMITED

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CHATTEM (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sales and marketing of OTC and toiletry products until May 2012, when the company ceased trading, and became a non-trading entity.

BUSINESS REVIEW AND FUTURE ACTIVITIES

Turnover, a key performance indicator, in 2012 at €548,769 has decreased by 68% from the 2011 level of €1,709,313 as a result of the cessation of trade part way through the year.

The company transferred its business to Aventis Pharma Limited and ceased trading on 1 May 2012, therefore, these accounts have been prepared on a break up basis. The company will remain non-trading for the foreseeable future.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €262,552 (2011 - loss €197,890).

The directors do not recommend the payment of an ordinary dividend in respect of the year (2011 - €NIL). Preference share dividends totaling €289,484 have been accrued during the year (2011 - €283,260).

DIRECTORS

The directors who served during the year were:

S Oldfield
A Prosser

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

The company is expected to remain non-trading until certain marketing authorisation rights held can be successfully transferred to other entities of the sanofi group.

CHATTEM (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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.

PROVISION OF INFORMATION TO AUDITOR


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 of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Ernst & Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


A Prosser
Director
Date: 1/5/14

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

We have audited the financial statements of Chattem (UK) Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices). These financial statements have been prepared on a break up basis.

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement 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 2012 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

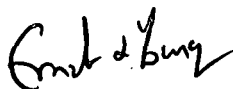
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.



Andrew P. Clery (Senior statutory auditor)
For and on behalf of Ernst & Young, Statutory Auditor
Limerick, Ireland
Date: 2 May 2014

CHATTEM (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 €	2011 €
TURNOVER			
Discontinued operations		<u>548,769</u>	<u>1,709,313</u>
		548,769	1,709,313
Cost of sales		<u>(306,094)</u>	<u>(646,622)</u>
GROSS PROFIT		242,675	1,062,691
Administrative expenses		<u>(373,698)</u>	<u>(1,373,200)</u>
Exceptional administrative expenses	9	<u>-</u>	<u>44,437</u>
Total administrative expenses		(373,698)	(1,328,763)
Other operating income	4	<u>64,694</u>	<u>332,183</u>
OPERATING (LOSS)/PROFIT	3		
Continuing operations		<u>-</u>	<u>-</u>
Discontinued operations		<u>(66,329)</u>	<u>66,111</u>
		(66,329)	66,111
Interest receivable and similar income	7	101,184	99,148
Interest payable and similar charges	8	<u>(289,484)</u>	<u>(283,260)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(254,629)	(118,001)
Tax on loss on ordinary activities	10	<u>(7,923)</u>	<u>(79,889)</u>
LOSS FOR THE FINANCIAL YEAR	21	<u>(262,552)</u>	<u>(197,890)</u>

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account.

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the financial year stated above and their historical cost equivalents.


The notes on pages 7 to 14 form part of these financial statements.

CHATTEM (UK) LIMITED
REGISTERED NUMBER: 01472031

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	€	2012 €	€	2011 €
CURRENT ASSETS					
Debtors	11	2,316,454		3,460,880	
Investments	12	1		1	
Cash at bank		2,625,017		1,526,274	
		<u>4,941,472</u>		<u>4,987,155</u>	
CREDITORS: amounts falling due within one year	13	<u>(5,184,994)</u>		<u>(4,968,125)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(243,522)</u>		19,030
NET (LIABILITIES)/ASSETS			<u>(243,522)</u>		<u>19,030</u>
CAPITAL AND RESERVES					
Called up share capital	20		28,715		28,715
Profit and loss account	21		<u>(272,237)</u>		<u>(9,685)</u>
SHAREHOLDERS' (DEFICIT)/FUNDS	15		<u>(243,522)</u>		<u>19,030</u>

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


A Prosser
 Director

Date: 1/5/14

The notes on pages 7 to 14 form part of these financial statements.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Following the decision to cease operations on 1 May 2012, the financial statements have been prepared on a break up basis and in accordance with applicable accounting standards reflecting the cessation of trade on that date. Accordingly adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

In accordance with FRS3 "Reporting Financial Performance", the company's trading operations have been classified as discontinued operations for the year ended 31 December 2012 on the basis that the company has ceased to trade in the year.

1.2 Cash flow statement

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 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Investments

Investments are shown at cost less provision for impairment.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.6 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.

1.7 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.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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.

2. TURNOVER

None of the company's turnover (2011 - €NIL) is attributable to geographical markets outside the United Kingdom.

3. OPERATING (LOSS)/PROFIT

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

	2012	2011
	€	€
Auditors' remuneration - statutory audit only	13,350	17,626
Operating lease rentals:		
- other operating leases	2,973	13,386
Foreign exchange loss	63,419	71,324
Exceptional administrative income	-	(44,437)
	<hr/>	<hr/>

4. OTHER OPERATING INCOME

	2012	2011
	€	€
Other operating income	64,694	332,183
	<hr/>	<hr/>

CHATTEM (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012****5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2012 €	2011 €
Wages and salaries	33,012	235,665
Social security costs	3,740	32,514
Other pension costs	4,137	18,451
	<u>40,889</u>	<u>286,630</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Sales staff	-	2
Administrative staff	-	2
	<u>-</u>	<u>4</u>

6. DIRECTORS' REMUNERATION

	2012 €	2011 €
Emoluments	<u>-</u>	<u>90,615</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>6,764</u>

During the year retirement benefits were accruing to none of the directors (2011 - 2) in respect of defined contribution pension schemes.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 €	2011 €
Interest receivable from group companies	98,892	99,071
Bank interest receivable	2,292	77
	<u>101,184</u>	<u>99,148</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 €	2011 €
Dividends payable on shares classed as debt	<u>289,484</u>	<u>283,260</u>

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. EXCEPTIONAL ADMINISTRATIVE INCOME

	2012 €	2011 €
Redundancy provision	-	(14,621)
Onerous lease provision	-	(29,816)
	<u>-</u>	<u>(44,437)</u>

10. TAXATION

	2012 €	2011 €
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	14,111	67,381
Adjustments in respect of prior periods	(28,376)	(747)
Total current tax	<u>(14,265)</u>	<u>66,634</u>
Deferred tax		
Origination and reversal of timing differences	22,188	7,540
Adjustments in respect of prior years	-	5,715
Total deferred tax (see note 14)	<u>22,188</u>	<u>13,255</u>
Tax on loss on ordinary activities	<u>7,923</u>	<u>79,889</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24.50% (2011 - 26.49%). The differences are explained below:

	2012 €	2011 €
Loss on ordinary activities before tax	<u>(254,629)</u>	<u>(118,001)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.497% (2011 - 26.49%)	(62,377)	(31,262)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	70,916	104,301
Capital allowances for year in excess of depreciation	(19,970)	(4,561)
Adjustments to tax charge in respect of prior periods	(28,376)	1,333
Short term timing difference leading to an decrease in taxation	(1,772)	(1,097)
Other timing differences leading to an decrease in taxation	(292)	(2,080)
Unrelieved tax losses carried back	27,606	-
Current tax (credit)/charge for the year (see note above)	<u>(14,265)</u>	<u>66,634</u>

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. TAXATION (continued)

Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. It was announced that the standard rate of corporation tax will now be reducing from 26% to 24% with the effect from 1 April 2012, and to 23% from 1 April 2013. At the year-end the reduction to 23% had been substantively enacted.

Further reductions to the main rate are proposed to reduce the rate by 2% to 21% by 1 April 2014 and a further 1% to 20% by 1 April 2015. This is an acceleration of the reductions proposed in Budget 2012 which announced that the main rate of corporation tax would be reduced by 1% each year until 2014. The 20% tax rate reduction was announced in the 2013 Budget. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

11. DEBTORS

	2012 €	2011 €
Trade debtors	11,194	445,061
Amounts owed by group undertakings	2,305,260	2,990,894
Prepayments and accrued income	-	2,737
Deferred tax asset (see note 14)	-	22,188
	<u>2,316,454</u>	<u>3,460,880</u>

12. CURRENT ASSET INVESTMENTS

	2012 €	2011 €
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.

13. CREDITORS:

Amounts falling due within one year

	2012 €	2011 €
Trade creditors	25,855	36,367
Amounts owed to group undertakings	2,650	30,026
Corporation tax	53,116	67,381
VAT control	105	38,618
Cumulative accrued dividend	1,471,541	1,156,648
Other creditors	-	11,906
Accruals and deferred income	13,182	86,419
Share capital treated as debt (Note 20)	3,618,545	3,540,760
	<u>5,184,994</u>	<u>4,968,125</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 20.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14. DEFERRED TAXATION

	2012 €	2011 €
At beginning of year	22,188	35,443
(Charged)/credited to profit and loss account in year/period	(22,188)	(13,255)
At end of year	<u>-</u>	<u>22,188</u>

The deferred taxation balance is made up as follows:

	2012 €	2011 €
Accelerated capital allowances	-	20,379
Short term timing differences	-	1,809
	<u>-</u>	<u>22,188</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 €	2011 €
Opening shareholders' funds	19,030	216,920
Loss for the year	(262,552)	(197,890)
Closing shareholders' (deficit)/funds	<u>(243,522)</u>	<u>19,030</u>

16. PENSION COMMITMENTS

The company provided pension benefits to all employees on a defined contribution basis. The pension cost for the year was €4,137 (2011 - €18,451)

17. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 €	2011 €	2012 €	Other 2011 €
Expiry date:				
Within 1 year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,754</u>

18. CONTINGENT LIABILITIES

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

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. 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.

20. SHARE CAPITAL

	2012 €	2011 €
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>
Shares classified as debt		
Allotted, called up and fully paid		
2,953,094 8% Cumulative redeemable preference shares of £1 each	<u>3,618,545</u>	<u>3,540,760</u>

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 the preference shares dividend to 31 December 2012 is €1,471,541 (2011 - €1,156,648).

21. RESERVES

	Profit and loss account €
At 1 January 2012	(9,685)
Loss for the year	(262,552)
At 31 December 2012	<u>(272,237)</u>

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the company is Chattem Global Consumer Products Limited of Limerick, 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 2012. The consolidated financial statements of sanofi are available from sanofi, 54, Rue La Boétie, 75008 Paris, France.