

CHATTEM (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



CHATTEM (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

S Oldfield (resigned 31 July 2014)
A Prosser
Tarja Stenvall (appointed 21 November 2014)

REGISTERED NUMBER

01472031

REGISTERED OFFICE

One Onslow Street
Guildford
GU1 4YS

INDEPENDENT AUDITOR

Ernst & Young
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 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

BUSINESS REVIEW AND FUTURE ACTIVITIES

Turnover in 2013 at €nil has decreased by 100% from the 2012 level of €548,769 due to the cessation of trade.

The company transferred its business to Aventis Pharma Limited and ceased trading on 1 May 2012. The company will remain non-trading for the foreseeable future.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €243,024 (2012 - loss €262,552).

The directors do not recommend the payment of an ordinary dividend in respect of the year (2012 - €NIL). Preference share dividends totaling €283,373 have been accrued during the year (2012 - €289,484).

DIRECTORS

The directors who served during the year were:

S Oldfield (resigned 31 July 2014)
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

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

CHATTEM (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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 of which the company's auditors are 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 relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

This report was approved by the board on 3 FEBRUARY 2015 and signed on its behalf.



A Prosser
Director

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 2013 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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' 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.

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 2013 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.

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

Date: 05 February 2015

CHATTEM (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 € | 2012 € |
|--|-------------|-------------------|-------------------|
| TURNOVER | 1,2 | - | 548,769 |
| Cost of sales | | - | (306,094) |
| GROSS PROFIT | | - | 242,675 |
| Administrative expenses | | 37,425 | (373,698) |
| Other operating income | 4 | - | 64,694 |
| OPERATING PROFIT/(LOSS) | 3 | 37,425 | (66,329) |
| Interest receivable and similar income | 6 | 1,521 | 101,184 |
| Interest payable and similar charges | 7 | (283,407) | (289,484) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (244,461) | (254,629) |
| Tax on loss on ordinary activities | 8 | 1,437 | (7,923) |
| LOSS FOR THE FINANCIAL YEAR | 17 | (243,024) | (262,552) |

All amounts relate to discontinued operations.

There were no recognised gains and losses for 2013 or 2012 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 13 form part of these financial statements.

CHATTEM (UK) LIMITED
REGISTERED NUMBER: 01472031

BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Note | € | 2013 € | € | 2012 € |
|---|------|--------------------|------------------|--------------------|------------------|
| CURRENT ASSETS | | | | | |
| Debtors | 9 | 2,307,150 | | 2,316,454 | |
| Investments | 10 | 1 | | 1 | |
| Cash at bank | | 2,560,837 | | 2,625,017 | |
| | | <u>4,867,988</u> | | <u>4,941,472</u> | |
| CREDITORS: amounts falling due within one year | 11 | <u>(5,354,534)</u> | | <u>(5,184,994)</u> | |
| NET CURRENT LIABILITIES | | | <u>(486,546)</u> | | <u>(243,522)</u> |
| NET LIABILITIES | | | <u>(486,546)</u> | | <u>(243,522)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | 28,715 | | 28,715 |
| Profit and loss account | 17 | | <u>(515,261)</u> | | <u>(272,237)</u> |
| SHAREHOLDERS' DEFICIT | 13 | | <u>(486,546)</u> | | <u>(243,522)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3/2/15.



A Prosser
Director

The notes on pages 7 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 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.

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.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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 (2012 - €Nil) is attributable to geographical markets outside the United Kingdom.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT/(LOSS)

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

| | 2013 € | 2012 € |
|----------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration | 7,000 | 13,350 |
| Operating lease rentals: | | |
| - other operating leases | - | 2,973 |
| (Gain)/ loss on foreign exchange | (46,306) | 63,419 |
| | <u> </u> | <u> </u> |

4. OTHER OPERATING INCOME

| | 2013 € | 2012 € |
|------------------------|-----------------------------|-----------------------------|
| Other operating income | - | 64,694 |
| | <u> </u> | <u> </u> |

5. STAFF COSTS

Staff costs were as follows:

| | 2013 € | 2012 € |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | - | 33,012 |
| Social security costs | - | 3,740 |
| Other pension costs | - | 4,137 |
| | <u> </u> | <u> </u> |
| | - | 40,889 |
| | <u> </u> | <u> </u> |

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. STAFF COSTS (continued)

The company had no employees during the year (2012: Nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2013 € | 2012 € |
|--|--------------|----------------|
| Interest receivable from group companies | - | 98,892 |
| Bank interest receivable | 1,521 | 2,292 |
| | <u>1,521</u> | <u>101,184</u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2013 € | 2012 € |
|---|----------------|----------------|
| Other interest payable | 34 | - |
| Dividends accrued on shares classed as debt | 283,373 | 289,484 |
| | <u>283,407</u> | <u>289,484</u> |

8. TAXATION

| | 2013 € | 2012 € |
|--|----------------|-----------------|
| Analysis of tax credit in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on loss for the year | 346 | 14,111 |
| Adjustments in respect of prior periods | (1,783) | (28,376) |
| Total current tax | <u>(1,437)</u> | <u>(14,265)</u> |
| Deferred tax (see note 12) | | |
| Origination and reversal of timing differences | - | 22,188 |
| Tax on loss on ordinary activities | <u>(1,437)</u> | <u>7,923</u> |

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 23.247% (2012 - 24.497%). The differences are explained below:

| | 2013 € | 2012 € |
|--|-----------------------|------------------------|
| Loss on ordinary activities before tax | <u>(244,461)</u> | <u>(254,629)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.247% (2012 - 24.497%) | (56,830) | (62,377) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 57,176 | 70,916 |
| Capital allowances for year in excess of depreciation | - | (19,970) |
| Adjustments to tax charge in respect of prior periods | (1,783) | (28,376) |
| Short term timing difference leading to an increase (decrease) in taxation | - | (1,772) |
| Other timing differences leading to an increase (decrease) in taxation | - | (292) |
| Unrelieved tax losses carried back | - | 27,606 |
| Current tax credit for the year (see note above) | <u>(1,437)</u> | <u>(14,265)</u> |

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24% to 23% was substantively enacted on 3 July 2012 and is effective from 1 April 2013. A hybrid rate of 23.247% therefore applies to the current tax charge arising during the period.

Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. A rate of 20% has therefore been applied to the deferred tax asset / liability at the balance sheet date.

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. DEBTORS

| | 2013 € | 2012 € |
|------------------------------------|------------------|------------------|
| Trade debtors | 1,889 | 11,194 |
| Amounts owed by group undertakings | 2,305,261 | 2,305,260 |
| | <u>2,307,150</u> | <u>2,316,454</u> |

10. CURRENT ASSET INVESTMENTS

| | 2013 € | 2012 € |
|------------------------------|-----------|-----------|
| 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.

11. CREDITORS: Amounts falling due within one year

| | 2013 € | 2012 € |
|---|------------------|------------------|
| Trade creditors | 11,190 | 25,855 |
| Amounts owed to group undertakings | - | 2,650 |
| Corporation tax | 51,837 | 53,116 |
| VAT control | 5,322 | 105 |
| Cumulative accrued dividend | 1,723,849 | 1,471,541 |
| Accruals and deferred income | 20,182 | 13,182 |
| Share capital treated as debt (Note 16) | 3,542,154 | 3,618,545 |
| | <u>5,354,534</u> | <u>5,184,994</u> |

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16.

12. DEFERRED TAXATION

| | 2013 € | 2012 € |
|-----------------------|-----------|-----------|
| At beginning of year | - | (22,188) |
| Charge for year (P&L) | - | 22,188 |
| | <u>-</u> | <u>-</u> |
| At end of year | <u>-</u> | <u>-</u> |

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

| | 2013 € | 2012 € |
|---------------------------------------|------------------|------------------|
| Opening shareholders' (deficit)/funds | (243,522) | 19,030 |
| Loss for the financial year | (243,024) | (262,552) |
| Closing shareholders' deficit | <u>(486,546)</u> | <u>(243,522)</u> |

14. CONTINGENT LIABILITIES

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

15. 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.

16. SHARE CAPITAL

| | 2013 € | 2012 € |
|---|------------------|------------------|
| 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 Preference shares of £1 each | <u>3,542,154</u> | <u>3,618,545</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 preference shares dividend to 31 December 2013 is €1,723,849 (2012 - €1,471,541).

CHATTEM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. RESERVES

| | Profit and loss account € |
|-----------------------------|---------------------------------|
| At 1 January 2013 | (272,237) |
| Loss for the financial year | (243,024) |
| | <hr/> |
| At 31 December 2013 | <u>(515,261)</u> |

18. 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 2013. The consolidated financial statements of Sanofi are available from Sanofi, 54, Rue La Boetie, 75008 Paris, France.