
AVENTIS PHARMA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



AVENTIS PHARMA LIMITED

COMPANY INFORMATION

DIRECTORS	F X Duhalde H Fry (appointed 1 January 2017)
REGISTERED NUMBER	01535640
REGISTERED OFFICE	One Onslow Street Guildford Surrey GU1 4YS
INDEPENDENT AUDITOR	Ernst & Young LLP Statutory Auditors Apex Plaza Forbury Road Reading RG1 1YE

AVENTIS PHARMA LIMITED

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AVENTIS PHARMA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The directors present their strategic report for Aventis Pharma Limited ("the company") for the year ended 31 December 2017.

BUSINESS REVIEW

The principal activities of the company are the marketing and distribution of pharmaceutical products in the UK.

The key financial performance indicators during the year were as follows:

	2017	2016	Change
	£'000	£'000	%
Turnover	453,234	342,495	32
Operating profit	5,997	716	738
Shareholders' funds	106,780	99,072	8

Turnover increased by 32% on prior year as a result of the acquisition of a Consumer Healthcare product portfolio on 1 January 2017, as detailed in Note 31, the revenue impact of the acquisition of client lists from Sanofi Pasteur MSD Limited on 31 December 2016, the impact of the PPRS rebate rate on sales to hospitals reducing from 7.80% to 4.75% and the impact of imports following the change in the foreign exchange rate during 2017.

The company's recurring revenue is generated from sales of key products such as Lantus, which is a flagship product of the Diabetes division and contributed sales of £54m, and Clexane, an anticoagulant, which generated £36m, both of which were consistent with prior year results. This was offset by a decrease in the generic product portfolio revenue on prior year, reducing by 19% to £75m.

Operating profit increased on the previous year as a direct result of the increase in turnover and the additional product portfolios. Fixed costs have continued to be controlled and monitored to ensure efficiencies have been gained.

Shareholders' funds increased on prior year mainly due to actuarial gains recognised on the defined benefit pension liability, as detailed in Note 28.

AVENTIS PHARMA LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The company's operations expose it to a variety of risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company complies with the Sanofi policies and risk management program that seeks to limit the adverse effect of these risks on the company. In order to ensure stability of cash outflows and hence manage interest rate risk for the Sanofi group ("the group"), Sanofi manages the risk of fluctuation of interest rates on behalf of all companies within the group and uses derivative financial instruments to do this.

Price risk

The company is not materially exposed to commodity price risk as a result of its operations and, therefore, believes that the cost of managing these risks outweighs any potential benefit. The directors will revisit the appropriateness of this policy should the company's level of exposure materially increase in the future. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where finance is required to meet the cash flow needs of the company, the United Kingdom treasury department, with the approval of the directors, obtains this from Sanofi, who in turn manages the external risk across the worldwide group.

Liquidity Risk

The company is financed through intercompany current and loan accounts and also has in place arrangements with Sanofi to ensure the availability of sufficient funds for the company's ongoing operations or planned expansions, should additional funds be required.

Interest rate cash flow risk

The company has interest bearing assets. Short term interest bearing assets include amounts receivable from other fellow subsidiaries within the United Kingdom which earn interest at LIBOR minus 5 basis points. Long term interest bearing amounts payable to other fellow subsidiaries earn interest at LIBOR plus 15 basis points. No interest is charged on balances due to or receivable from fellow dormant subsidiaries within the United Kingdom.

AVENTIS PHARMA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

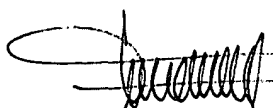
PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Foreign exchange risk

Sanofi operates a foreign exchange risk hedging policy to reduce the exposure of operating income to fluctuations in foreign currencies, particularly the US dollar and the Euro but also other currencies where required. In order to mitigate these fluctuations, the company is required to enter into derivative contracts with Sanofi. The policy involves regular assessments of the group's worldwide foreign currency exposure, based on budget estimates of foreign currency transactions to be carried out by Sanofi and its subsidiaries.

These transactions mainly comprise sales, purchases, research costs, co-marketing and co-promotion expenses and royalties. To reduce the exposure of these transactions to exchange rate movements, Sanofi contracts economic hedges using liquid financial instruments such as forward purchases and sales of currency.

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



F X Duhalde
Director

Date: 8 FEBRUARY 2019

AVENTIS PHARMA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of Aventis Pharma Limited ("the company") for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,295,000 (2016 - profit £2,465,000).

The directors do not recommend the payment of a dividend in respect of the year (2016 - £NIL).

DIRECTORS

The directors who served during the year were:

F X Duhalde
H Fry (appointed 1 January 2017)

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

FUTURE DEVELOPMENTS

The company plans to continue to its principal activities of marketing and distribution of pharmaceutical products in the UK. In September 2018, the company divested of its Generic business as detailed in Note 32.

POLITICAL CONTRIBUTIONS

There were no political donations during the year (2016 - £NIL).

RESEARCH AND DEVELOPMENT ACTIVITIES

The company's research and development expenditure, relating mainly to pre-approval trials, was £6,795,000 for the current year (2016 - £4,234,000).

Pre-approval trials are a very important part of the company's activities, and whilst 9 out of 10 potential medicines will fail to reach clinical approval after the development period of up to 15 years, the importance of expenditure on research and development at all stages is crucial to the future product pipeline.

EMPLOYEE INVOLVEMENT

The company seeks to encourage employee involvement in its business through a variety of approaches. At the core of these is a 'management by objectives' process, in which all levels of employees participate in the formulation of company goals. This is achieved by the development of annual action plans applicable to each individual employee and the units in which they work. In addition, of course, there are more formal consultative procedures that exist with trade union and other specialist committees covering health, safety and environmental issues, pension arrangements, employee share schemes and recreation.

DISABLED EMPLOYEES

It is the policy of the company that disabled people, whether registered disabled or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants as well as training, career development and promotion opportunities. Employees who become disabled during their working life will be retained in employment whenever possible and will be helped with any necessary rehabilitation and retraining. The company is prepared to modify procedures or equipment when this is practicable so that the individual can be developed to their full potential.

AVENTIS PHARMA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the 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.

POST BALANCE SHEET EVENTS

On 30 September 2018, the company divested of its generic medicines portfolio to a third party, advent Inc. More details can be found in Note 32 to the financial statements.

GOING CONCERN STATEMENT

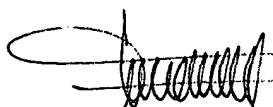
The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Strategic Report also includes details of the company's financial risk management objectives, its exposures to price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign exchange risk and its use of financial instruments to mitigate these.

The company has considerable financial resources, therefore, the directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

AUDITORS

The auditors, Ernst & Young LLP, 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.



F X Duhalde
Director

Date: 8 FEBRUARY 2019

AVENTIS PHARMA LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVENTIS PHARMA LIMITED

OPINION

We have audited the financial statements of Aventis Pharma Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVENTIS PHARMA LIMITED (CONTINUED)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVENTIS PHARMA LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 Auditors' 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.

Ernst & Young LLP

David Hales (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditors

Reading

Date: 11 FEBRUARY 2019

AVENTIS PHARMA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
TURNOVER	4	453,234	342,495
Net operating expenses	5	(447,237)	(341,779)
OPERATING PROFIT		5,997	716
Interest receivable and similar income	10	3	6
Interest payable and similar charges	11	(1,871)	(1,768)
Other finance expense		(489)	(271)
PROFIT/(LOSS) BEFORE TAX		3,640	(1,317)
Tax on profit/(loss)	13	(4,935)	3,782
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,295)	2,465
OTHER COMPREHENSIVE INCOME:			
Actuarial gain/(loss) on defined benefit schemes		4,131	(26,932)
Current tax deductions allocated to actuarial losses		1,608	943
Movements of deferred tax relating to pension deficit		2,373	(719)
Deferred tax impact of changes in tax laws and rates		-	(855)
		8,112	(27,563)
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR		6,817	(25,098)

The notes on pages 14 to 48 form part of these financial statements.

AVENTIS PHARMA LIMITED
REGISTERED NUMBER: 01535640

BALANCE SHEET
AS AT 31 DECEMBER 2017

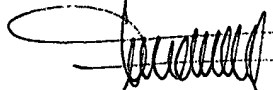
	Note	2017 £000	2016 £000
FIXED ASSETS			
Intangible assets	14	17,653	14,064
Tangible assets	15	8,808	10,247
Investments	16	18,351	18,351
		<u>44,812</u>	<u>42,662</u>
CURRENT ASSETS			
Stocks	17	60,171	40,328
Debtors	18	268,721	228,539
Cash at bank and in hand	19	84	129
		<u>328,976</u>	<u>268,996</u>
Creditors: amounts falling due within one year	20	(238,681)	(175,503)
NET CURRENT ASSETS		<u>90,295</u>	<u>93,493</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>135,107</u>	<u>136,155</u>
PROVISIONS FOR LIABILITIES			
Other provisions	23	(5,529)	(3,236)
		<u>(5,529)</u>	<u>(3,236)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>129,578</u>	<u>132,919</u>
Pension liability	28	(22,798)	(33,847)
NET ASSETS		<u><u>106,780</u></u>	<u><u>99,072</u></u>

AVENTIS PHARMA LIMITED
REGISTERED NUMBER: 01535640

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
CAPITAL AND RESERVES			
Called up share capital	22	9,269	9,269
Share option reserve	25	9,054	8,163
Profit and loss account	25	88,457	81,640
TOTAL EQUITY		<u>106,780</u>	<u>99,072</u>

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



F X Duhalde
Director

Date: 8 FEBRUARY 2019

The notes on pages 14 to 48 form part of these financial statements.

AVENTIS PHARMA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	9,269	8,163	81,640	99,072
Comprehensive loss for the year				
Loss for the year	-	-	(1,295)	(1,295)
Actuarial gains on pension scheme	-	-	4,131	4,131
Movements of deferred tax relating to pension deficit	-	-	2,373	2,373
Current tax deductions allocated to actuarial losses	-	-	1,608	1,608
Other comprehensive income for the year	-	-	8,112	8,112
Total comprehensive income for the year	-	-	6,817	6,817
Share based payment expense	-	891	-	891
At 31 December 2017	9,269	9,054	88,457	106,780

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	9,269	7,274	106,738	123,281
Comprehensive income for the year				
Profit for the year	-	-	2,465	2,465
Actuarial losses on pension scheme	-	-	(26,932)	(26,932)
Movements of deferred tax relating to pension deficit	-	-	(719)	(719)
Current tax deductions allocated to actuarial losses	-	-	943	943
Deferred tax impact of changes in tax laws and rates	-	-	(855)	(855)
Other comprehensive loss for the year	-	-	(27,563)	(27,563)
Total comprehensive loss for the year	-	-	(25,098)	(25,098)
Share based payment expense	-	889	-	889
At 31 December 2016	9,269	8,163	81,640	99,072

The notes on pages 14 to 48 form part of these financial statements.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

1.

The financial statements of Aventis Pharma Limited ("the company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 8 FEBRUARY 2019, and the Balance Sheet was signed on the board's behalf by F X Duhalde. The company is incorporated and domiciled in England and its registered office is One Onslow Street, Guildford, Surrey, GU1 4YS.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Sanofi, whose shares are listed on the EuroNext Paris stock exchange.

The results of the company are included in the consolidated financial statements of Sanofi (20F) which are available on the corporate website.

The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, unless otherwise specified within these accounting policies, and in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue

Revenue Recognition

Revenue arising from the sales of goods is presented in the income statement as Net sales, which comprises revenue from sales of pharmaceutical products, net of sales returns, customer incentives, discounts and of certain sales-based payments paid or payable to the healthcare authorities.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The company offers various types of price reductions on its products. Rebates are granted under contractual arrangements with customers, and wholesalers are entitled to chargeback incentives based on the selling price to the end customer under specific contractual arrangements.

Returns, discounts, incentives and rebates are recognised in the period in which the underlying sales are recognised as a reduction of revenue. The amounts are calculated as follows:

- provisions for rebates based on attainment of sales targets are estimated and accrued as each of the underlying sales transactions is recognised;
- provisions for price reductions under government programmes are estimated on the basis of the specific terms of the relevant regulations and accrued as each of the underlying sales transactions is recognised;
- provisions for incentives are estimated on the basis of the specific contractual arrangements with the customer, and represent management's best estimate of the ultimate amount of incentive that will eventually be claimed by the customer; and
- provisions for sales returns are calculated on the basis of management's best estimate of the amount of the product that will ultimately be returned by customers and is estimated on the basis of past experience of sales returns.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets

Intangible assets are initially recognised at cost. Goodwill on acquisition is recognised as the fair value of consideration paid less amounts recognised for each major class of assets and liabilities. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following basis:

Product licenses	- 3 - 5 years
Customer lists	- 3 - 5 years
Assets under construction	- Not amortised

The amortisation period is reviewed at least at the end of each financial year. The intangible assets are assessed for impairment at least at the end of each financial year, or when there is any internal or external indication that the intangible asset may be impaired. Where there is an indicator of impairment, the test is based on the initial valuation and the value of projected cash flows associated with the asset against the carrying value. The determination of the underlying assumptions relating to the recoverability of intangible assets is subjective and requires the exercise of considerable judgment. Key assumptions relating to goodwill impairment and intangible assets are the perpetual growth rate and the post-tax discount rate. Any changes in key assumptions could result in an impairment charge.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid, the fair value of any other consideration given and includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land	- Not depreciated
Buildings & Leasehold Improvements	- Lease term or useful expected life; whichever is shorter
Plant & Machinery	- 3 to 15 years straight line
Motor Vehicles	- 5 years straight line
Furniture, Fixtures & Office Equipment	- 3 to 15 years straight line
Assets Under Construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed annually and adjusted prospectively, if appropriate, or if there is an indication of a significant change since the last reporting date.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Statement of Comprehensive Income in the period of derecognition.

2.6 Operating leases: Lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Research and development costs

Research expenditure is written off in the year in which it is incurred.

Internally generated development expenses are recognised as an intangible asset if, and only if, all the following six criteria can be demonstrated: (a) the technical feasibility of completing the development project; (b) the company's intention to complete the project; (c) the company's ability to use the project; (d) the probability that the project will generate future economic benefits; (e) the availability of adequate technical, financial and other resources to complete the project; and (f) the ability to measure the development expenditure reliably.

Due to the risks and uncertainties relating to regulatory approval and to the research and development process, the six criteria for capitalisation are usually considered not to have been met until the product has obtained marketing approval from the regulatory authorities. Consequently, internally generated development expenses arising before marketing approval has been obtained, mainly the cost of clinical trials, are generally expensed as incurred within Research and development expenses.

2.8 Valuation of investments

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment, if any. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a 'first in, first out' basis. Work in progress and finished goods include labour and attributable overheads, based on a normal level of activity.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at invoiced value, less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost, using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation, that it is probable that an outflow will be required to settle the above obligation by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Pensions

The company offers retirement benefits to employees and retirees, which are accounted for in accordance with IAS 19.

Benefits are provided in the form of either defined contribution plans or defined benefit plans. In the case of defined contribution plans, the cost is recognised immediately in the period in which it is incurred, and equates to the amount of the contributions paid by the company. Once the contributions have been paid, the company has no further payment obligation.

For defined benefit plans, the company recognises its obligations to pay pensions and similar benefits to employees as a liability based on an actuarial estimate of the rights vested or currently vesting in employees and retirees, using the projected unit credit method. Estimates are performed at least once a year and rely on financial assumptions (such as discount rates) and demographic assumptions (such as life expectancy, retirement age, employee turnover, and the rate of salary increases). Obligations relating to other post-employment benefits (healthcare and life insurance) offered by the company to employees are also recognised as a liability based on an actuarial estimate of the rights vested or currently vesting in employees and retirees at the end of the reporting period. These liabilities are recognised net of the fair value of plan assets.

The benefit cost for the period consists primarily of current service cost, past service cost, net interest cost, gains or losses arising from plan settlements not specified in the terms of the plan and actuarial gains or losses arising from plan curtailments. Net interest cost for the period is determined by applying the discount rate specified in IAS 19 to the net liability (i.e. the amount of the obligation, net of plan assets) recognised in respect of defined benefit plans. Past service cost is recognised immediately in the Statement of Comprehensive Income in the period in which it is incurred, regardless of whether or not the rights have vested at the time of adoption (in the case of a new plan) or of amendment (in the case of an existing plan).

Actuarial gains and losses on defined benefit plans (pensions and other post-employment benefits), also referred to as "Remeasurements of the net defined benefit liability/(asset)", arise as a result of changes in financial and demographic assumptions, experience adjustments and the difference between the actual return and interest cost on plan assets. The impacts of these remeasurements are recognised in Other Comprehensive Income, net of deferred taxes; they are not subsequently reclassifiable to the Statement of Comprehensive Income.

2.20 Share based payments

Sanofi, the ultimate parent of the company, has granted a number of equity-settled share-based payment plans (stock option plans) to some of the company's employees.

In accordance with IFRS 2, services received from employees as consideration for stock options are recognised as an expense in the Statement of comprehensive income, with the matching entry recognised in equity, as a capital contribution. The expense corresponds to the fair value of the stock option plans at the date of the grant, and is charged to the income statement on a straight line basis over the vesting period of the plan (the 3-year or 40year during which grantees cannot exercise their options).

The fair value of the stock option plans is measured at the grant date using the Black Scholes valuation model taking into account the expected life and cancellation rate of the options. This initial measurement is not subsequently adjusted for unless the actual cancellation rate is materially different.

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date. Deferred income tax assets and liabilities are offset only if: a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and permits the company to make a single net payment.

Income tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income. Similarly, income tax is charged or credited to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Pension and other post employment benefits

The cost of defined benefit pension plans and other post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with a AA 15+ rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Pharmaceutical	452,978	341,970
Royalties	256	525
	<u>453,234</u>	<u>342,495</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	444,669	302,929
Rest of Europe	7,828	39,566
Rest of the world	737	-
	<u>453,234</u>	<u>342,495</u>

5. NET OPERATING EXPENSES

	2017 £000	2016 £000
Change in stocks of finished goods and goods for resale (see note 17)	19,843	10,912
Finished goods and consumables	288,899	231,837
Restructuring costs (see note 23)	3,263	3,275
Other external charges	59,672	41,433
Employees (see note 8)	70,404	52,415
Depreciation and amortisation (see notes 14 and 15)	5,156	1,907
	<u>447,237</u>	<u>341,779</u>

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. OPERATING PROFIT

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

	2017	2016
	£000	£000
Gross research and development expenditure	6,795	4,234
Recharge of R & D to other group of companies	(1,626)	(3,505)
Foreign exchange differences	125	3
Depreciation of tangible fixed assets	1,629	1,754
Amortisation of intangible assets	3,527	153
Equipment leasing	8	19
Motor vehicle leasing	251	327
Land and building leasing	1,883	1,228
	<u><u> </u></u>	<u><u> </u></u>

7. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2017	2016
	£000	£000
Fees for the audit of the company	289	277
	<u><u> </u></u>	<u><u> </u></u>

Auditors' remuneration includes amounts payable in respect of the company and other group companies. In the current and prior years these costs were not fully recharged to other group companies.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. EMPLOYEES

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

	2017	2016
	£000	£000
Wages and salaries	53,182	40,673
Social security costs	7,120	4,723
Staff pension costs - defined benefit schemes	922	976
Cost of defined contribution scheme	9,180	6,486
	70,404	52,858

Included in wages and salaries above are employees share option costs of £891,000 (2016 - £889,000).

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

	2017	2016
	No.	No.
Research and development	23	24
Selling, general and administration	662	560
	685	584

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. DIRECTORS' REMUNERATION

	2017	2016
	£000	£000
Directors' emoluments	746	443
Compensation for loss of office	-	346
	746	789

During the year retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2016 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £413,000 (2016 - £395,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31,000 (2016 - £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

During the year, two of the directors were paid by another Sanofi Group company.

10. INTEREST RECEIVABLE

	2017	2016
	£000	£000
Interest receivable from group companies	3	6

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Loans from group undertakings	1,871	1,768

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. OTHER FINANCE COSTS

	2017 £000	2016 £000
Net interest on net defined benefit liability	8,972	17,790
Expected return on pension scheme assets	(8,503)	(17,575)
Net interest on long service reward provision	20	56
	489	271

13. TAXATION

	2017 £000	2016 £000
CORPORATION TAX		
Current tax on profits for the year	1,972	943
Adjustments in respect of previous periods	(149)	(58)
	1,823	885
Group taxation relief	-	(636)
	1,823	249
DEFERRED TAX		
Origination and reversal of temporary differences	2,991	(3,374)
Changes to tax rates	-	(681)
Adjustments in respect of prior years	121	24
	3,112	(4,031)
	4,935	(3,782)

TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The current tax charge for the year has been decreased by £NIL (2016 - decreased by £636,000) because of group relief surrendered to (2016 surrendered to) a fellow subsidiary.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit/(Loss) on ordinary activities before tax	3,640	(1,317)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	701	(264)
EFFECTS OF:		
Expenses not deductible for tax purposes	1,047	484
Adjustments to tax charge in respect of previous periods - deferred tax	121	24
Adjustments to tax charge in respect of prior periods	(149)	(58)
Increase or decrease in pension fund prepayment leading to an increase/(decrease) in tax	795	(5,386)
Changes in provisions leading to a (decrease)/increase in tax	(1,452)	1,407
Deferred tax (charged)/credited to Statement of Changes in Equity	2,373	(1,574)
Change in tax law and rates	(82)	642
Current tax relating to other comprehensive income	1,608	943
Income not taxable for tax purposes	(27)	-
TOTAL TAX CHARGE FOR THE YEAR	4,935	(3,782)

The company has no unrecognised tax losses (2016 - £Nil).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted 6 September 2016. A rate of 17% has therefore been applied to the deferred tax asset / liability at the Balance Sheet date.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. TAXATION (CONTINUED)

	2017	2016
	£000	£000
Tax relating to items charged or credited to Other Comprehensive Income		
Current tax		
Tax on defined benefit pension plans	(1,608)	(943)
Total current tax	(1,608)	(943)
Deferred tax		
Actuarial (gains)/losses on defined benefit pension plans	(2,373)	1,574
Total deferred tax	(2,373)	1,574
Tax (credit)/expense in the Statement of Other Comprehensive Income	(3,981)	631

The deferred tax included in the Balance Sheet is as follows:

	2017	2016
	£000	£000
Deferred tax asset		
Accelerated capital allowances	154	229
Temporary differences on Jubilee scheme	210	188
Short term temporary differences - less than 1 year	618	838
Defined benefit pension schemes	3,875	4,342
	4,857	5,597
	2017	2016
	£000	£000
Disclosed in the Balance Sheet		
Debtors due after more than one year	4,240	4,759
Debtors due within one year	617	838
	4,857	5,597

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. TAXATION (CONTINUED)

	2017 £000	2016 £000
Deferred tax in the Statement of Comprehensive Income		
Pension plans and other post-employment medical benefits	2,839	(3,083)
Accelerated capital allowances	75	(49)
Share-based payment	220	(185)
Other temporary differences	(22)	(33)
Impact of change in tax laws and rates	-	(681)
Deferred tax expense/(credit)	3,112	(4,031)

14. INTANGIBLE ASSETS

	Product licenses and client lists £000	Goodwill £000	Assets under construction £000	Total £000
COST				
At 1 January 2017	14,330	-	259	14,589
Additions - external	-	6,489	413	6,902
Transfers between asset classes	249	-	-	249
Disposals	(35)	-	-	(35)
At 31 December 2017	14,544	6,489	672	21,705
AMORTISATION				
At 1 January 2017	525	-	-	525
Charge for the year	3,527	-	-	3,527
At 31 December 2017	4,052	-	-	4,052
NET BOOK VALUE				
At 31 December 2017	10,492	6,489	672	17,653
At 31 December 2016	13,805	-	259	14,064

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. INTANGIBLE ASSETS (CONTINUED)

Additions in the year relate to goodwill on acquisition as part of a strategic transaction between Sanofi and Boeringer Ingelheim.

The goodwill arising on acquisition represents (i) the capacity to draw on a specialised structure to refresh the existing product portfolio; (ii) the competencies of the staff transferred to Sanofi; (iii) the benefits derived from the creation of new growth platforms; and (iv) the expected future synergies and other benefits from combining the CHC operations of BI and Sanofi.

This business generated net sales of £24.9m and contributed £8.0m of net profit in the year ended 31 December 2017. Further details of this acquisition are included in Note 31.

15. TANGIBLE FIXED ASSETS

	Land & Buildings £000	Plant & Machinery £000	Furniture, Fixtures & Office Equipment £000	Motor Vehicles £000	Assets Under Constructio n £000
COST OR VALUATION					
At 1 January 2017	16,064	4,189	9,201	47	87
Additions	164	19	233	-	23
Disposals	(7)	(603)	(2,071)	-	-
Transfers between asset classes	(1,199)	-	887	-	63
At 31 December 2017	<u>15,022</u>	<u>3,605</u>	<u>8,250</u>	<u>47</u>	<u>173</u>
DEPRECIATION					
At 1 January 2017	9,051	2,855	7,423	12	-
Charge for the year	884	213	532	-	-
Disposals	(6)	(603)	(2,072)	-	-
At 31 December 2017	<u>9,929</u>	<u>2,465</u>	<u>5,883</u>	<u>12</u>	<u>-</u>
NET BOOK VALUE					
At 31 December 2017	<u><u>5,093</u></u>	<u><u>1,140</u></u>	<u><u>2,367</u></u>	<u><u>35</u></u>	<u><u>173</u></u>
At 31 December 2016	<u><u>7,013</u></u>	<u><u>1,334</u></u>	<u><u>1,778</u></u>	<u><u>35</u></u>	<u><u>87</u></u>

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. TANGIBLE FIXED ASSETS (CONTINUED)

	Total £000
COST OR VALUATION	
At 1 January 2017	29,588
Additions	439
Disposals	(2,681)
Transfers between asset classes	(249)
At 31 December 2017	<u>27,097</u>
DEPRECIATION	
At 1 January 2017	19,341
Charge for the year	1,629
Disposals	(2,681)
At 31 December 2017	<u>18,289</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>8,808</u></u>
At 31 December 2016	<u><u>10,247</u></u>

Included in land and buildings is freehold land at a cost of £389,000 (2016 - £389,000) which is not depreciated.

Assets under construction are not depreciated.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. FIXED ASSET INVESTMENTS

	Investment in subsidiary companies £000
COST OR VALUATION	
At 1 January 2017	22,230
At 31 December 2017	22,230
IMPAIRMENT	
At 1 January 2017	3,879
At 31 December 2017	3,879
NET BOOK VALUE	
At 31 December 2017	18,351
<i>At 31 December 2016</i>	18,351

At 31 December 2017, the directors conducted a review of the carrying value of the investments based on their net asset value. The directors believe that the carrying values of the investments are supported by their recoverable amount, being the higher of the net realisable value of the underlying net assets or their value in use, as appropriate.

SUBSIDIARY UNDERTAKINGS

The following company, which is incorporated in England and has the same registered office address as the company, was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
Zentiva Pharma UK Limited (formerly Winthrop Pharmaceuticals Limited)	Ordinary	100 %	Non trading
Roussel of Ireland Limited	Ordinary	100 %	Non trading
Name	Registered office		
Zentiva Pharma UK Limited (formerly Winthrop Pharmaceuticals Limited)	One Onslow Street, Guildford, Surrey, GU1 4YS, England		
Roussel of Ireland Limited	18 Riverwalk, National Digital Park, Cirywest Business Campus, Naas Road, Dublin, D24 VK33, Ireland		

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. FIXED ASSET INVESTMENTS (CONTINUED)

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate of share capital and reserves £000
Zentiva Pharma UK Limited (formerly Winthrop Pharmaceuticals Limited)	20,116
Roussel of Ireland Limited	-
	-

17. STOCKS

	2017 £000	2016 £000
Finished goods and goods for resale	60,171	40,328
	60,171	40,328

A provision of £7,317,689 (2016 - £9,452,014) was recognised against stock during the year due to slow-moving and obsolete stock.

18. DEBTORS

	2017 £000	2016 £000
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	4,240	4,759
	4,240	4,759
DUE WITHIN ONE YEAR		
Trade debtors	81,222	46,754
Amounts owed by group undertakings	162,473	171,731
Other debtors	19,152	3,088
Prepayments and accrued income	1,017	1,365
Deferred taxation	617	838
Financial instruments	-	4
	268,721	228,539

The amounts owed by group undertakings are unsecured and repayable on demand. Amounts relating to trading balances owed by non-UK companies and balances owed by dormant companies are interest free. All other balances carry interest at LIBOR minus 5 basis points.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. CASH AND CASHEQUIVALENTS

	2017	2016
	£000	£000
Cash at bank and in hand	84	129

20. CREDITORS: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	23,420	16,081
Financial instruments	5	24
Amounts owed to group undertakings	160,914	110,653
Corporation tax	-	370
Taxation and social security	3,429	5,374
Other creditors	14,864	1,922
Accruals and deferred income	36,049	41,079
	238,681	175,503

The amounts owed to group undertakings are unsecured and repayable on demand. Amounts relating to trading balances owed to non-UK companies and balances owed to dormant companies are interestfree. All other balances carry interest at LIBOR plus 15 basis points.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. FINANCIAL INSTRUMENTS

	2017	2016
	£000	£000
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	84	133
Financial assets that are debt instruments measured at amortised cost	262,848	221,638
	<u>262,932</u>	<u>221,771</u>
FINANCIAL LIABILITIES		
Other financial liabilities measured at fair value through profit or loss	-	(24)
Financial liabilities measured at amortised cost	(235,249)	(146,387)
	<u>(235,249)</u>	<u>(146,411)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and financial instruments.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, accruals and other creditors.

22. SHARE CAPITAL

	2017	2016
	£000	£000
Allotted, called up and fully paid		
9,268,537 Ordinary shares of £1 each	9,269	9,269
	<u>9,269</u>	<u>9,269</u>

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

23. PROVISIONS

	Onerous lease contracts £000	Jubilee scheme £000	Dilapidations and environmental £000	Restructuring £000	Total £000
At 1 January 2017	90	1,106	1,760	280	3,236
Charged to profit or loss	-	262	-	3,263	3,525
Utilised in year	(55)	(133)	-	(1,044)	(1,232)
AT 31 DECEMBER 2017	35	1,235	1,760	2,499	5,529

Onerous lease contracts

The balance as at 31 December 2017 represents the remaining onerous lease expected to be utilised in the next year on the property, Lunar House in Marlow.

Jubilee scheme

The Jubilee scheme was created to reward employees for long services. The balance as at 31 December 2017 represents the estimated value of this liability which is expected to unwind as and when employees reach set service duration milestones.

Dilapidations and environmental

The existing lease on the Guildford building was renegotiated in 2016, including a revised surveyor's estimate of dilapidations up to the next break clause on the lease in March 2020. This estimate resulted in an additional provision being recognised in the year.

Restructuring

The company made a provision in 2016 for expected and announced redundancies following an internal reorganisation. Utilisation of the remaining balance as at 31 December 2017 is dependent on the repositioned employees leaving the Sanofi group, which is expected in the year ended 31 December 2018.

24. CONTINGENT LIABILITIES

There is a contingent liability at 31 December 2017 in respect of letters of guarantee issued by the bank amounting to £2,447,000 (2016 - £2,447,000).

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

25. RESERVES

Profit & loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

Share option reserve

The share option reserve represents the accumulated charge incurred by the company in connection with share-based remuneration schemes.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

26. SHARE BASED PAYMENTS

Share option plans

The company participates in a number of stock purchase option plans operated by Sanofi, the ultimate parent company. These plans allow grantees to purchase a fixed number of shares at a pre-determined price over a specific period. Options generally vest two to five years from the date of grant and expire seven to twenty years from the date of grant. Awards under the plans are generally reserved for employees at senior management level and above. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	Sanofi, SA 01/03/2010	Sanofi, SA 02/03/2009
Grant date		
Share price at grant date	54.82	41.10
Exercise price in Euro	54.12	45.09
Number of employees	19	27
Share under options	134	70
Vesting period (years)	4	4
Expected volatility	27.08%	27.06%
Option life (years)	10	10
Expected life (years)	6	6
Risk free rate	2.56%	2.84%
Expected dividends expressed as a dividend yield	4.66%	5.72%
Fair value per option in Euro	9.09	4.95

The expected volatility is based on the historical volatility over the last two to five years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon Euro bonds of a term consistent with the assumed option life. A reconciliation of option movements over the year to 31 December 2017 is shown below:

	2017		2016	
	Number	Weighted average exercise price (Euro)	Number	Weighted average exercise price (Euro)
Outstanding at 1 January	102,960	55.81	140,725	58.39
Transfer	-	-	-	-
Granted	-	-	-	-
Forfeited	(21,900)	66.91	-	-
Exercised	(30,245)	66.29	(37,765)	66.29
Outstanding at 31 December	50,815	49.70	102,960	55.81
Exercisable at 31 December	50,815	49.70	102,960	61.12

The weighted average fair value of options granted in the year was £NIL (2016- £NIL).

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. SHARE BASED PAYMENTS (CONTINUED)

The performance criterion based upon Business Net Income covers 50% of the award. It relates to the ratio, at constant exchange rate, between actual Business Net Income achieved and the Business Net Income specified in the budget. If this ratio is less than 95%, the corresponding performance shares will lapse. The Business Net Income target may not be lower than the lower range of the guidance published by Sanofi at the beginning of each year.

The ROA-based criterion covers 50% of the award. The schedule includes a target ROA, below which the performance will be penalised by the lapsing of part or all of the performance shares. The performance will be measured over three financial years.

While for reasons of confidentiality, even though they have been properly established in a precise manner, the figures for the internal criteria cannot be publicly disclosed, the targets and the level of achievement of the internal criteria will be disclosed publicly at the end of the performance measurement period.

The meeting of the Sanofi Board of Directors on 10 May 2017 decided to award a restricted performance share plan to a number of employees within the group. A total of 33,200 shares were awarded to 73 employees of the company which will vest after a four-year service period.

The company has estimated the fair value of this plan on the basis of the fair value of the equity instruments awarded, as representing the fair value of the employee services received during this period.

Fair value was measured at the date of grant. The fair value of each share awarded corresponds to the quoted market price per share as of that date Euro 81.50, adjusted for expected dividends during the vesting period.

The fair value of the restricted share plan was measured at £2,024,000. This amount is being recognised as an expense over the vesting period, with a corresponding increase in equity. The total expense recognised for this plan during the year ended 31 December 2017 was £434,000.

As of 31 December 2017, the total number of restricted shares outstanding was 95,050.

The total charge for the year relating to employee share based payment plans was £891,000 (2016 - £889,000). After deferred tax, the total charge was £740,000 (2016 - £711,000).

27. CAPITAL COMMITMENTS

At 31 December 2017 and at 31 December 2016 the company had no capital commitments.

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28. PENSION COMMITMENTS**Defined Benefit Pension Scheme**

The company participates in the Sanofi-Aventis Pension Scheme, a defined benefit pension scheme that has been closed to new entrants since April 2007 and, with effect from 1 October 2015, closed to future accrual. As a result, employees can no longer pay into the scheme.

Under this defined benefit plan, an annuity is paid from the retirement date. This annuity is calculated on the basis of the employee's length of service as of 30 September 2015 and of the employee's final salary (or salary on the date the employee leaves the company).

The rates used for the vesting of rights vary from member to member. For most members, rights vest at the rate of 1.25% or 1.50% of final salary for each qualifying year of service giving entitlement. The notional retirement age varies according to the category to which the member belongs but in most cases retirement is at age 65.

Members may choose to retire before or after the notional retirement age (60 years), in which case the amount of the annual pension is adjusted to reflect the revised estimate of the length of the retirement phase. Pensions are usually indexed to the Retail Price Index (RPI).

Until closure of the plan, members paid a fixed-percentage contribution into their pension plan (the percentage varied according to the employee category) and the employer topped up the contribution to cover the cost of benefit accrual which was revised regularly (at least every three years) as part of the statutory funding valuation.

For future service periods subsequent to 1 October 2015, employees belong to a new defined-contribution plan.

The table below reconciles the net obligation in respect of the company's pension scheme with the amounts recognised in the financial statements.

	2017 £000	2016 £000
MEASUREMENT OF OBLIGATION		
Benefit obligation at the beginning of the year	648,806	492,485
Current service cost	-	-
Interest cost	8,972	17,790
Routine plan settlements	(11,467)	(4,730)
Benefits paid	(11,731)	(11,218)
Actuarial (gain) due to change in demographic assumptions	(12,010)	-
Actuarial loss due to change in financial assumptions	26,880	120,151
Actuarial loss due to experience	22,618	34,328
Transfer intra entity	21,987	-
BENEFIT OBLIGATION AT END OF THE YEAR	694,055	648,806

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (CONTINUED)

	2017 £000	2016 £000
MOVEMENT ON PLAN ASSETS		
Fair value of plan assets at beginning of year	614,959	480,854
Administration costs	(968)	(976)
Interest income	8,503	17,575
Employer contributions	8,355	5,907
Benefits paid	(11,731)	(11,218)
Actual return over/under the expected interest income	41,619	127,547
Routine plan settlements	(11,467)	(4,730)
Transfer intra entity	21,987	-
AT THE END OF THE YEAR	671,257	614,959

	2017 £000	2016 £000
AMOUNTS RECOGNISED IN OCI		
Loss on DBO due to change in financial assumptions	26,880	120,151
Loss on DBO due to Experience	22,618	34,328
(Gain) on DBO due to change in demographic assumptions	(12,010)	-
(Gain)/loss on assets: comparison between real return and expected income interest	(41,619)	(127,547)
AMOUNTS RECOGNISED IN OCI AT END OF YEAR	(4,131)	26,932

	2017 £000	2016 £000
Fair value of plan assets	671,257	614,959
Present value of plan liabilities	(694,055)	(648,806)
NET DEFINED BENEFIT LIABILITY	(22,798)	(33,847)

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (CONTINUED)

	2017 £000	2016 £000
DEFINED BENEFIT COST		
Interest on obligation	8,972	17,790
Interest income on plan assets	(8,503)	(17,575)
Administration costs	968	976
TOTAL	1,437	1,191

The table below shows the fair value of plan assets relating to the company's pension scheme split by asset category.

	2017 £000	2016 £000
Quoted securities		
Cash and cash equivalent	12,340	36,707
Equity instruments	161,986	231,305
Debt instruments	471,123	330,312
Real estate	22,501	16,369
Derivatives	-	143
Other	124	123
	668,074	614,959
Other securities		
Hedge funds	3,183	-
Total fair value of plan assets	671,257	614,959

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (CONTINUED)

The table below shows the sensitivity of the company's obligations for pensions to changes in the key actuarial assumptions:

	2017 £000	2016 £000
SENSITIVITY ANALYSIS		
Sensitivity to discount rate -0.5 point	755,045	707,905
Sensitivity to discount rate +0.5 point	639,000	597,248
Sensitivity to rate of compensation increase +0.5 point	697,497	650,643
Sensitivity to inflation rate +0.5 point	741,278	688,176
Sensitivity to medical rate of inflation +0.5 point	694,055	648,806
Sensitivity to rate of indexation of pension in payment +0.5 point	727,789	678,801
Sensitivity to rate of indexation of deferred pension +0.5 point	703,335	659,627
Sensitivity to mortality table	720,462	671,281

Actuarial valuations of the company's benefit obligations were computed by management with assistance from external actuaries as of 31 December 2017, 2016, 2015, 2014 and 2013.

	2017	2016
ACTUARIAL ASSUMPTIONS USED TO MEASURE THE OBLIGATION		
Discount rate	2.50%	2.75%
Rate of compensation increase	4.35%	4.40%
Inflation rate	3.10%	3.15%
Medical inflation rate long term	n/a	n/a
Indexation rate pension in payment	3.00%	3.00%
Mortality rates		
Indexation rate deferred pension	2.00%	2.05%
Weight average duration (in years)	17	17

AVENTIS PHARMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. PENSION COMMITMENTS (CONTINUED)

The discount rates used are based on market rates for high quality corporate bonds with a duration close to the expected benefit payments under the plans, 7 to 10 years and more than 10 years, respectively. The benchmarks used to determine these discount rates were the same in 2017, 2016, 2015, 2014 and 2013.

The scheme has a long-term objective of maintaining or increasing the extent to which its obligations are covered by assets. To this end, the scheme uses an asset-liability management strategy, matching plan assets to its pension obligations. This policy aims to ensure the best fit between the assets held on the one hand and the associated liabilities and expected future payments to plan members on the other. To meet this aim, the scheme operates a risk monitoring and management strategy (mainly focused on interest rate risk and inflation risk), while investing a growing proportion of assets in high-quality bonds with comparable maturities to those of the underlying obligations.

The scheme did not alter its asset-liability management strategy or its key risk monitoring policy during 2016.

The estimated amounts of employer contributions to plan assets in 2018 are £6,000,000 (2016 - £6,000,000).

Defined Contribution Pension Scheme

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,180,000 (2016 - £6,486,000). Contributions totaling £101,000 (2016 - £692,000) were payable to the fund at the Balance Sheet date

29. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the company had future minimum lease payments under non-cancelable operating leases as follows:

	2017	2016
	£000	£000
Less than 1 year	3,589	2,801
1 to 2 years	3,299	2,345
2 to 3 years	2,648	2,069
3 to 4 years	544	585
	10,080	7,800

AVENTIS PHARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Sanofi-Aventis UK Holdings Limited. 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 2016. The consolidated financial statements of Sanofi are available from: Sanofi, 54 Rue La Boétie, 75008 Paris, France.

31. ACQUISITIONS

On 1 January 2017, the company acquired consumer healthcare ("CHC") assets from Boehringer Ingelheim ("BI"), enhancing the company's position in Nutritionals, Cough & cold care, Digestive health and Pain care by bringing in iconic BI brands (Buscopan®, Pharmaton®, Bisolvon®, Mucosolvan®, Dulcolax®, Lysopaine® / Mucoangin®).

The purchase price allocation for the business was as follows:

	2017 £000
Property, plant and equipment	6
Inventories	5,296
Other assets and liabilities	(151)
Net assets acquired	5,151
Goodwill (Note 14)	6,489
Purchase price	11,640

The goodwill represents the ability to refresh the product portfolio using a dedicated structure, the skills base of the transferred staff, the advantages of creating new growth platforms and expected future synergies and the other beneficial effects of combining BI's CHC activities with those of Sanofi.

32. POST BALANCE SHEET EVENTS

In May 2018, it was announced that the Guildford office would relocate to Reading in July 2019.

On 1 September 2018, the company transferred its Generics business to Zentiva Pharma UK Limited (formerly Winthrop Pharmaceuticals UK Limited) for a consideration of £42m. It then sold the company on 30 September 2018 to a third party, Advent International for £3.8m.

On 1 October 2018, the company sold its' distribution centre to Kuehne + Nagel for a consideration of £4.9m.

On 26 October 2018, the High Court ruled that defined benefit pension schemes should equalise pension benefits for the effects of unequal Guaranteed Minimum Pensions where a scheme has contracted-out on a salary-related basis between 1990 and 1997. There are several methods to calculate the impact of the arrears that need to be paid, and on a simplified basis, the initial estimate will increase the pension obligations by £3.9m for the company.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. SHARE BASED PAYMENTS (CONTINUED)

Range of Exercise Prices (Euro)	Number of shares	2017			2016			
		Weighted average exercise price (Euro)	Weighted average remaining life Expected	Contractual	Number of shares	Weighted average exercise price (Euro)	Weighted average remaining life Expected	Contractual
From 40 to 50	24,850	45.09	0.78	1.17	27,595	45.09	1.45	2.17
From 50 to 60	25,965	54.12	1.44	2.16	29,665	54.12	2.11	3.16
From 60 to 70	-	-	-	-	35,200	62.33	0.64	0.95
From 70 to 80	-	-	-	-	-	-	-	-

The weighted average share price during the period for options exercised over the year was Euro 79.07 (2016 - Euro 88.11).

Share options granted subsequent to 5 April 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options by UK employees. The company accrues for the expected employers' national insurance to the Balance Sheet date based on the year end share price of Euro 71.85 and the elapsed portion of the relevant vesting periods.

Restricted share plans

Origin	Date of award	Number of shares initially awarded	Acquisition date	Availability date	Number transferred (to)/from associated employer	Number transferred as of 31 December 2017	Number of rights cancelled as of 31 December 2017	Number outstanding
Sanofi i-aventis	02/03/2009	11,019	04/03/2013	04/03/2013	172	(10,201)	(990)	-
Sanofi i-aventis	01/03/2010	8,362	02/03/2014	03/03/2014	165	(7,411)	(1,116)	-
Sanofi i-aventis	27/10/2010	15,440	27/10/2014	28/10/2014	580	(13,600)	(2,420)	-
Sanofi i-aventis	09/03/2011	12,700	10/03/2015	10/03/2015	300	(12,200)	(800)	-
Sanofi	05/03/2012	13,900	05/03/2016	05/03/2016	1,000	(12,419)	(2,481)	-
Sanofi	05/03/2013	11,650	05/03/2017	05/03/2017	500	(10,872)	(1,278)	-
Sanofi	05/03/2014	15,450	05/03/2018	05/03/2018	-	-	(1,350)	14,100
Sanofi	24/06/2015	18,400	25/06/2019	25/06/2019	-	-	(200)	18,200
Sanofi	04/05/2016	29,550	04/05/2019	04/05/2019	-	-	-	29,550
Sanofi	10/05/2017	33,200	10/05/2020	10/05/2020	-	-	-	33,200

In 2011, the Sanofi Board of Directors made significant changes to its share-based compensation policy to limit the dilutive effect on shareholders, the Sanofi Board of Directors determined to primarily award performance shares. Furthermore, whoever the beneficiary was, any award of performance shares will henceforth be fully subject to the condition of the performance targets being achieved over three financial years.