2013
HALF-YEAR FINANCIAL REPORT

SANOFI

HALF-YEAR FINANCIAL REPORT 2013

CONTENTS

The condensed half-year consolidated financial statements are unaudited but have been subject to a review by the statutory auditors in accordance with professional standards applicable in France.

1 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS – ASSETS

(€ million)	Note	June 30, 2013	December 31, 2012 [1]
Property, plant and equipment	**B.2.**	10,409	10,578
Goodwill	**B.3. - B.4.**	38,144	38,073
Other intangible assets	**B.3. - B.4.**	18,266	20,192
Investments in associates and joint ventures	**B.5.**	486	487
Non-current financial assets	**B.6.**	4,490	3,799
Deferred tax assets		4,333	4,379
Non-current assets		**76,128**	**77,508**
Inventories		6,852	6,379
Accounts receivable	**B.7.**	7,614	7,507
Other current assets		2,078	2,355
Current financial assets		82	178
Cash and cash equivalents	**B.9.**	4,181	6,381
Current assets		**20,807**	**22,800**
Assets held for sale or exchange		52	101
TOTAL ASSETS		**96,987**	**100,409**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.)

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED BALANCE SHEETS — LIABILITIES AND EQUITY

(€ million)	Note	June 30, 2013	December 31, 2012[1]
Equity attributable to equity holders of Sanofi		56,066	57,332
Equity attributable to non-controlling interests		129	134
Total equity	**B.8.**	**56,195**	**57,466**
Long-term debt	**B.9.**	10,689	10,719
Non-current liabilities related to business combinations and to non-controlling interests	**B.11.**	1,347	1,350
Provisions and other non-current liabilities	**B.12.**	9,565	11,043
Deferred tax liabilities		5,547	5,932
Non-current liabilities		**27,148**	**29,044**
Accounts payable		3,270	3,190
Other current liabilities		6,279	6,758
Current liabilities related to business combinations and to non-controlling interests	**B.11.**	109	100
Short-term debt and current portion of long-term debt	**B.9.**	3,971	3,812
Current liabilities		**13,629**	**13,860**
Liabilities related to assets held for sale or exchange		15	39
TOTAL LIABILITIES & EQUITY		**96,987**	**100,409**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.)

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

(€ million)	Note	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Net sales	**B.18.4.**	**16,062**	**17,381**	**34,947**
Other revenues		181	673	1,010
Cost of sales		(5,214)	(5,350)	(11,098)
Gross profit		**11,029**	**12,704**	**24,859**
Research and development expenses		(2,341)	(2,407)	(4,905)
Selling and general expenses		(4,438)	(4,401)	(8,929)
Other operating income		347	319	562
Other operating expenses		(177)	(303)	(414)
Amortization of intangible assets	**B.3.**	(1,543)	(1,675)	(3,291)
Impairment of intangible assets	**B.4.**	(440)	(40)	(117)
Fair value remeasurement of contingent consideration liabilities	**B.11.**	(117)	(106)	(192)
Restructuring costs	**B.15.**	(159)	(250)	(1,141)
Other gains and losses, and litigation		—	—	—
Operating income		**2,161**	**3,841**	**6,432**
Financial expenses	**B.16.**	(311)	(370)	(751)
Financial income	**B.16.**	34	45	93
Income before tax and associates and joint ventures		**1,884**	**3,516**	**5,774**
Income tax expense	**B.17.**	(356)	(855)	(1,109)
Share of profit/(loss) of associates and joint ventures		4	404	393
Net income		**1,532**	**3,065**	**5,058**
Attributable to non-controlling interests		84	103	169
Net income attributable to equity holders of Sanofi		**1,448**	**2,962**	**4,889**
Average number of shares outstanding (million)	**B.8.6.**	1,323.9	1,319.3	1,319.5
Average number of shares outstanding after dilution (million)	**B.8.6.**	1,340.5	1,327.9	1,329.6
– Basic earnings per share (in euros)		1.09	2.25	3.71
– Diluted earnings per share (in euros)		1.08	2.23	3.68

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.)

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(€ million)	Note	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Net income		**1,532**	**3,065**	**5,058**
Attributable to equity holders of Sanofi		*1,448*	*2,962*	*4,889*
Attributable to non-controlling interests		*84*	*103*	*169*
Other comprehensive income:				
• Actuarial gains (losses)	**B.12.**	721	(666)	(1,446)
• Tax effect	**B.8.7.**	(138)	172	465
Items not subsequently reclassifiable to profit or loss		**583**	**(494)**	**(981)**
• Available-for-sale financial assets	**B.6.**	754	820	1,451
• Cash flow hedges		(3)	(5)	(4)
• Change in currency translation differences		(329)	572	(532)
• Tax effect		(73)	(57)	(117)
Items subsequently reclassifiable to profit or loss		**349**	**1,330**	**798**
Other comprehensive income for the period, net of taxes		**932**	**836**	**(183)**
Comprehensive income		**2,464**	**3,901**	**4,875**
Attributable to equity holders of Sanofi		*2,385*	*3,798*	*4,713*
Attributable to non-controlling interests		*79*	*103*	*162*

[1] Includes the impact of applying the amended IAS 19 (see Note A.1.2.)

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(€ million)	Share capital	Additional paid-in capital and retained earnings[1]	Treasury shares	Stock options and other share-based payment	Other comprehensive income[1][2]	Attributable to equity holders of Sanofi[1]	Attributable to non-controlling interests	Total equity[1]
Balance at January 1, 2012 – published financial statements	**2,682**	**53,450**	**(933)**	**1,980**	**(976)**	**56,203**	**170**	**56,373**
Impact of applying IAS19R	—	(11)	—	—	1	(10)	—	(10)
Balance at January 1, 2012 – with IAS19R impact[1]	**2,682**	**53,439**	**(933)**	**1,980**	**(975)**	**56,193**	**170**	**56,363**
Other comprehensive income for the period	—	(494)	—	—	1,330	836	—	836
Net income for the period	—	2,962	—	—	—	2,962	103	3,065
Comprehensive income for the period[1]	—	**2,468**	—	—	**1,330**	**3,798**	**103**	**3,901**
Dividend paid out of 2011 earnings (€2.65 per share)	—	(3,487)	—	—	—	(3,487)	—	(3,487)
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(131)	(131)
Share repurchase program	—	—	(454)	—	—	(454)	—	(454)
Reduction in share capital	(42)	(1,087)	1,129	—	—	—	—	—
Share-based payment plans:								
• Exercise of stock options	3	71	—	—	—	74	—	74
• Issuance of restricted shares	1	(1)	—	—	—	—	—	—
• Value of services obtained from employees	—	—	—	72	—	72	—	72
• Tax effects on the exercise of stock options	—	—	—	8	—	8	—	8
Changes in non-controlling interests without loss of control	—	(1)	—	—	—	(1)	4	3
Balance at June 30, 2012[1]	**2,644**	**51,402**	**(258)**	**2,060**	**355**	**56,203**	**146**	**56,349**
Other comprehensive income for the period	—	(487)	—	—	(525)	(1,012)	(7)	(1,019)
Net income for the period	—	1,927	—	—	—	1,927	66	1,993
Comprehensive income for the period[1]	—	**1,440**	—	—	**(525)**	**915**	**59**	**974**
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(47)	(47)
Share repurchase program	—	—	(369)	—	—	(369)	—	(369)
Reduction in share capital	(13)	(406)	419	—	—	—	—	—
Share-based payment plans:								
• Exercise of stock options	21	550	—	—	—	571	—	571
• Issuance of restricted shares	1	(1)	—	—	—	—	—	—
• Proceeds from sale of treasury shares on exercise of stock options	—	—	1	—	—	1	—	1
• Value of services obtained from employees	—	—	—	83	—	83	—	83
• Tax effects on the exercise of stock options	—	—	—	17	—	17	—	17
Changes in non-controlling interests without loss of control	—	(89)	—	—	—	(89)	(24)	(113)
Balance at December 31, 2012 [1]	**2,653**	**52,896**	**(207)**	**2,160**	**(170)**	**57,332**	**134**	**57,466**
Other comprehensive income for the period	—	583	—	—	354	937	(5)	932
Net income for the period	—	1,448	—	—	—	1,448	84	1,532
Comprehensive income for the period	—	**2,031**	—	—	**354**	**2,385**	**79**	**2,464**
Dividend paid out of 2012 earnings (€2.77 per share)	—	(3,638)	—	—	—	(3,638)	—	(3,638)
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(67)	(67)
Share repurchase program[3]	—	—	(892)	—	—	(892)	—	(892)
Reduction in share capital[3]	(17)	(585)	602	—	—	—	—	—
Share-based payment plans:								
• Exercise of stock options	24	717	—	—	—	741	—	741
• Issuance of restricted shares	4	(4)	—	—	—	—	—	—
• Proceeds from sale of treasury shares on exercise of stock options	—	—	2	—	—	2	—	2
• Value of services obtained from employees	—	—	—	85	—	85	—	85
• Tax effects on the exercise of stock options	—	—	—	24	—	24	—	24
Changes in non-controlling interests without loss of control	—	27	—	—	—	27	(17)	10
Balance at June 30, 2013	**2,664**	**51,444**	**(495)**	**2,269**	**184**	**56,066**	**129**	**56,195**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.)
(2) See Note B.8.7.
(3) See Notes B.8.2. and B.8.3.

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(€ million)	Note	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Net income attributable to equity holders of Sanofi[1]		**1,448**	**2,962**	**4,889**
Non-controlling interests, excluding BMS[2]		8	11	20
Share of undistributed earnings of associates and joint ventures		11	19	37
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[3]		2,608	2,480	4,907
Gains and losses on disposals of non-current assets, net of tax[4]		(169)	(40)	(86)
Net change in deferred taxes[5]		(606)	(390)	(941)
Net change in provisions[6]/[7]		(703)	112	(607)
Cost of employee benefits (stock options and other share-based payments)		85	72	155
Impact of the workdown of acquired inventories remeasured at fair value		6	17	23
Unrealized (gains)/losses recognized in income		232	(147)	106
Operating cash flow before changes in working capital		**2,920**	**5,096**	**8,503**
(Increase) / decrease in inventories		(512)	(486)	(445)
(Increase) / decrease in accounts receivable		(310)	(52)	368
Increase / (decrease) in accounts payable		123	34	67
Net change in other current assets, current financial assets and other current liabilities		(196)	(265)	(322)
Net cash provided by / (used in) operating activities[8]		**2,025**	**4,327**	**8,171**
Acquisitions of property, plant and equipment and intangible assets	**B.2. – B.3.**	(728)	(786)	(1,612)
Acquisitions of investments in consolidated undertakings, net of cash acquired[9]	**B.1.**	(198)	(148)	(282)
Acquisitions of available-for-sale financial assets		(6)	(31)	(46)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax[10]		308	71	358
Net change in loans and other financial assets		(31)	3	(5)
Net cash provided by / (used in) investing activities		**(655)**	**(891)**	**(1,587)**
Issuance of Sanofi shares	**B.8.1.**	741	74	645
Dividends paid:				
• to shareholders of Sanofi		(3,638)	(3,487)	(3,487)
• to non-controlling interests, excluding BMS[2]		(9)	(9)	(10)
Transactions with non-controlling interests, other than dividends		(1)	(20)	(62)
Additional long-term debt contracted	**B.9.1.**	1,141	434	1,178
Repayments of long-term debt	**B.9.1.**	(2,742)	(734)	(1,345)
Net change in short-term debt		1,873	925	(448)
Acquisitions of treasury shares	**B.8.2.**	(892)	(454)	(823)
Disposals of treasury shares, net of tax		2	—	1
Net cash provided by / (used in) financing activities		**(3,525)**	**(3,271)**	**(4,351)**
Impact of exchange rates on cash and cash equivalents		(45)	18	24
Net change in cash and cash equivalents		**(2,200)**	**183**	**2,257**
Cash and cash equivalents, beginning of period		**6,381**	**4,124**	**4,124**
Cash and cash equivalents, end of period	**B.9.**	**4,181**	**4,307**	**6,381**

(1) Includes impact of applying the amended IAS 19: (€36 million) for the first half of 2012 and (€78 million) for 2012 as a whole (see Note A.1.2.).

(2) See Note C.1. to the financial statements for the year ended December 31, 2012.

(3) This line includes the impact of the €384 million net loss taken against the intangible assets of BiPar (see Note B.4.).

(4) Includes available-for-sale financial assets.

(5) Includes impact of applying the amended IAS 19: (€14 million) for the first half of 2012 and (€25 million) for 2012 as a whole (see Note A.1.2.).

(6) Includes impact of applying the amended IAS 19: €50 million for the first half of 2012 and €103 million for 2012 as a whole (see Note A.1.2.).

(7) This line includes contributions paid to pension funds (see Note B.12.).

(8) Includes:

– Income tax paid	(1,026)	(1,266)	(2,735)
– Interest paid (excluding cash flows on derivative instruments used to hedge debt)	(269)	(255)	(495)
– Interest received (excluding cash flows on derivative instruments used to hedge debt)	24	39	68
– Dividends received from non-consolidated entities	4	2	6

(9) This line also contains payments of contingent consideration, which are included in the liability measured and booked in connection with business combinations.

(10) Property, plant and equipment, intangible assets, investments in consolidated entities and other non-current financial assets.

The accompanying notes on pages 8 to 35 are an integral part of the condensed half-year consolidated financial statements.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2013

INTRODUCTION

Sanofi, together with its subsidiaries (collectively "Sanofi" or "the Group"), is a diversified global healthcare leader engaged in the research, development and marketing of therapeutic solutions focused on patient needs. Sanofi has fundamental strengths in the healthcare field, operating via seven growth platforms: Emerging Markets, Diabetes Solutions, Human Vaccines, Consumer Health Care, Animal Health, New Genzyme, and Other Innovative Products. Sanofi, the parent company of the Group, is a *société anonyme* (a form of limited liability company) incorporated under the laws of France. The registered office is at 54, rue La Boétie, 75008 Paris.

Sanofi is listed in Paris (Euronext: SAN) and New York (NYSE: SNY).

The condensed consolidated financial statements for the six months ended June 30, 2013 were reviewed by the Sanofi Board of Directors at the Board meeting on July 31, 2013.

A/ Basis of preparation of the half-year financial statements and accounting policies

A.1. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The half-year consolidated financial statements have been prepared and presented in condensed format in accordance with IAS 34 (Interim Financial Reporting). The accompanying notes therefore relate to significant events and transactions of the period, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2012.

The accounting policies used in the preparation of the consolidated financial statements as of June 30, 2013 comply with international financial reporting standards (IFRS) as endorsed by the European Union and as issued by the International Accounting Standards Board (IASB). Except for the change described in Note A.1.2., the accounting policies applied as of June 30, 2013 are identical to those described in the notes to the published consolidated financial statements as of December 31, 2012.

IFRSs endorsed by the European Union as of June 30, 2013 can be accessed under the heading "IAS/IFRS Standards and Interpretations" at:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

A.1.1. New standards and amendments applicable in 2013

The new standards, amendments to standards, and interpretations issued by the IASB and mandatorily applicable with effect from the 2013 financial year are:

- IAS 19 (Employee Benefits): The impacts of applying the amended IAS 19 are presented in Note A.1.2.
- IFRS 13 (Fair Value Measurement), issued jointly by the IASB and the U.S. Federal Accounting Standards Board (FASB), proposes a common definition of fair value and application guidance. This new standard requires counterparty risk to be taken into account when measuring the fair value of financial instruments. The measurement of counterparty risk performed on first-time application of IFRS 13 indicated that this risk was not material to the Group. IFRS 13 also specifies the disclosures required for users of the financial statements to assess the techniques used to measure fair value. In accordance with IAS 34 the disclosures about the valuation techniques used to measure the fair value of financial instruments are provided in the table in Note A.4. and disclosures about the sensitivity of fair values of level 3 financial instruments are provided in Note B.11.

In addition, the IASB issued five standards in May 2011 intended to improve the principles applied in the preparation of consolidated financial statements and the disclosure requirements for joint arrangements and for any type of entity in which an interest is held. All of these standards were endorsed by the European Union in December 2012, and the Group has early adopted them with effect from January 1, 2013.

- IFRS 10 (Consolidated Financial Statements) supersedes the parts of IAS 27 (Consolidated and Separate Financial Statements) relating to consolidated financial statements, and SIC-12 (Consolidation – Special Purpose Entities). The new standard redefines the concept of control. In accordance with IFRS 10, the Group's consolidated financial statements include all types of entity that the Group controls directly or indirectly, regardless of the level of its interest in the equity of the entity. The Sanofi Group controls an entity when it has power over that entity, is exposed to or has rights to variable returns from its involvement with that entity, and has the ability to use its power over that entity to affect the amount of those returns.

  Entities consolidated by the Group are referred to as "subsidiaries" or, in the case of certain entities which the Group controls by means other than voting rights, as "consolidated structured entities". IFRS 10 has had no material impact on the scope of consolidation of the Group.

- IFRS 11 (Joint Arrangements) supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities — Non-Monetary Contributions by Venturers). The new standard establishes principles that are applicable to the accounting for arrangements under which two or more parties exercise joint control. Depending on the rights and obligations of the parties, a joint arrangement is classified either as a joint operation (in which the Group recognizes its assets and liabilities in proportion to its rights to those assets and obligations for those liabilities) or as a joint venture (accounted for by the equity method). Sanofi exercises joint control if decisions relating to the relevant activities of the entity require the unanimous consent of Sanofi and of the other parties who share control. Under IFRS 11, proportionate consolidation is no longer a permitted option; the Group had not made use of this option. The Group has completed its assessment of IFRS 11, which has had no material impact on the scope of consolidation.

- IFRS 12 (Disclosures of Interests in Other Entities) covers all the disclosures required when an entity holds interests in subsidiaries, associates or unconsolidated structured entities, regardless of the level of control or influence over the entity. IFRS 12 does not apply to interim financial reporting, unless significant events have occurred during the interim period. An assessment of the impact of IFRS 12 on the notes to the financial statements is ongoing. No significant event occurred during the first half of 2013 that would require any change to Sanofi's financial information.

- Two further standards – IAS 27 (Consolidated and Separate Financial Statements) and IAS 28 (Investments in Associates) have been amended, to bring them into line with the changes introduced by the publication of IFRS 10, IFRS 11 and IFRS 12.

Various other standards and amendments to standards are applicable from 2013 onwards. However, these pronouncements have no impact on the Group's annual or half-year financial statements.

A.1.2. Change in accounting policy due to the amended IAS 19

As indicated in Note A.1.1., Sanofi is applying the amended IAS 19 (Employee Benefits) this year for the first time. The amended IAS 19 has been applied retrospectively, and the principal changes are as follows:

- Interest income on defined-benefit pension plan assets are now measured by multiplying the fair value of the plan assets by the discount rate, instead of using assumptions about the expected rate of return on plan assets.

- The "corridor" option, which allowed actuarial gains and losses to be deferred, is no longer permitted. However, this change has no impact because the Group already recognized all actuarial gains and losses directly in equity, in ***Other comprehensive income***.

- Past service cost arising during the period must now be recognized directly in profit or loss, because the amended standard now prohibits the deferral of unvested past service cost.

Also during 2013, Sanofi made a voluntary change in accounting policy by electing to report interest expense on the net defined-benefit liability as a financial expense; previously, this had been reported as a component of operating profit. The change is justified by the financial nature of this item, and brings the presentation into line with that used for the expense arising from the unwinding of discount on other long-term provisions. This reclassification has been applied retrospectively.

The impacts on the consolidated balance sheet as of January 1, 2012 are set forth below:

(€ million)	IAS 19 January 1, 2012	IAS 19R Impact	IAS 19R January 1, 2012
Deferred tax assets	3,633	4	3,637
Total non-current assets	**79,810**	**4**	**79,814**
TOTAL ASSETS	**100,668**	**4**	**100,672**
Equity attributable to equity holders of Sanofi	56,203	(10)	56,193
Equity attributable to non-controlling interests	170	—	170
Total equity	**56,373**	**(10)**	**56,363**
Provisions and other non-current liabilities	10,346	14	10,360
Total non-current liabilities	**30,711**	**14**	**30,725**
TOTAL LIABILITIES & EQUITY	**100,668**	**4**	**100,672**

The impacts on the consolidated balance sheet as of December 31, 2012 are set forth below:

(€ million)	IAS 19 December 31, 2012	IAS 19R Impact	IAS 19R December 31, 2012
Deferred tax assets	4,377	2	4,379
Total non-current assets	**77,506**	**2**	**77,508**
TOTAL ASSETS	**100,407**	**2**	**100,409**
Equity attributable to equity holders of Sanofi	57,338	(6)	57,332
Equity attributable to non-controlling interests	134	—	134
Total equity	**57,472**	**(6)**	**57,466**
Provisions and other non-current liabilities	11,036	7	11,043
Total non-current liabilities	**29,037**	**7**	**29,044**
Liabilities related to assets held for sale or exchange	38	1	39
TOTAL LIABILITIES & EQUITY	**100,407**	**2**	**100,409**

The impacts on the 2012 full-year consolidated income statement are set forth below:

(€ million)	IAS 19 December 31, 2012 (12 months)	IAS 19R Impact (12 months)[1]	IAS 19R December 31, 2012 (12 months)
Cost of sales	(11,118)	20	(11,098)
Gross profit	**24,839**	**20**	**24,859**
Research and development expenses	(4,922)	17	(4,905)
Selling and general expenses	(8,947)	18	(8,929)
Other operating expenses	(454)	40	(414)
Operating income	**6,337**	**95**	**6,432**
Financial expenses	(553)	(198)	(751)
Income before tax and associates and joint ventures	**5,877**	**(103)**	**5,774**
Income tax expense	(1,134)	25	(1,109)
Net income	**5,136**	**(78)**	**5,058**
Attributable to non-controlling interests	169	—	169
Net income attributable to equity holders of Sanofi	**4,967**	**(78)**	**4,889**
Basic earnings per share (in euros)	*3.76*	*(0.05)*	*3.71*
Diluted earnings per share (in euros)	*3.74*	*(0.06)*	*3.68*

(1) Includes the reclassification of the interest expense on the net defined-benefit liability from operating profit to financial expenses.

The impacts on the 2012 first-half consolidated income statement are set forth below:

(€ million)	IAS 19 June 30, 2012 (6 months)	IAS 19R Impact (6 months)[1]	IAS 19R June 30, 2012 (6 months)
Cost of sales	(5,360)	10	(5,350)
Gross profit	**12,694**	**10**	**12,704**
Research and development expenses	(2,415)	8	(2,407)
Selling and general expenses	(4,410)	9	(4,401)
Other operating expenses	(324)	21	(303)
Operating income	**3,793**	**48**	**3,841**
Financial expenses	(272)	(98)	(370)
Income before tax and associates and joint ventures	**3,566**	**(50)**	**3,516**
Income tax expense	(869)	14	(855)
Net income	**3,101**	**(36)**	**3,065**
Attributable to non-controlling interests	103	—	103
Net income attributable to equity holders of Sanofi	**2,998**	**(36)**	**2,962**
Basic earnings per share (in euros)	*2.27*	*(0.02)*	*2.25*
Diluted earnings per share (in euros)	*2.26*	*(0.03)*	*2.23*

(1) Includes the reclassification of the interest expense on the net defined-benefit liability from operating profit to financial expenses.

The impacts on the 2012 full-year statement of comprehensive income are set forth below:

(€ million)	IAS 19 December 31, 2012 (12 months)	IAS 19R Impact (12 months)	IAS 19R December 31, 2012 (12 months)
Net income	**5,136**	**(78)**	**5,058**
Attributable to equity holders of Sanofi	*4,967*	*(78)*	*4,889*
Attributable to non-controlling interests	*169*	*—*	*169*
Actuarial gains (losses)	(1,555)	109	(1,446)
Tax effect	492	(27)	465
Items not subsequently reclassifiable to profit or loss	**(1,063)**	**82**	**(981)**
Change in currency translation differences	(532)	—	(532)
Items subsequently reclassifiable to profit or loss	**798**	**—**	**798**
Other comprehensive income for the period, net of taxes	**(265)**	**82**	**(183)**
Comprehensive income	**4,871**	**4**	**4,875**
Attributable to equity holders of Sanofi	*4,709*	*4*	*4,713*
Attributable to non-controlling interests	*162*	*—*	*162*

The impacts on the 2012 first-half statement of comprehensive income are set forth below:

(€ million)	IAS 19 30 juin 2012 (6 mois)	Impact IAS 19R (6 mois)	IAS 19R 30 juin 2012 (6 mois)
Net income	**3,101**	**(36)**	**3,065**
Attributable to equity holders of Sanofi	*2,998*	*(36)*	*2,962*
Attributable to non-controlling interests	*103*	*—*	*103*
Actuarial gains (losses)	(721)	55	(666)
Tax effect	186	(14)	172
Items not subsequently reclassifiable to profit or loss	**(535)**	**41**	**(494)**
Change in currency translation differences	572	—	572
Items subsequently reclassifiable to profit or loss	**1,330**	**—**	**1,330**
Other comprehensive income for the period, net of taxes	**795**	**41**	**836**
Comprehensive income	**3,896**	**5**	**3,901**
Attributable to equity holders of Sanofi	*3,793*	*5*	*3,798*
Attributable to non-controlling interests	*103*	*—*	*103*

Finally, the impacts on the statement of cash flows do not represent cash inflows or outflows, and hence operating cash flow before changes in working capital for the 6 months ended June 30, 2012 and for the year ended December 31, 2012 is unaffected. These impacts are reported on the lines ***Net income attributable to equity holders of Sanofi, Net change in deferred taxes*** and ***Net change in provisions*** in the consolidated statement of cash flows.

A.1.3. New standards, interpretations and amendments issued in the first half of 2013

In May 2013, the IASB issued IFRIC 21 (Levies), which is applicable retrospectively from January 1, 2014 but has yet to be endorsed by the European Union. This interpretation clarifies that the obligating event that results in recognition of a liability for government levies (i.e. any taxes, duties or other levies that do not fall within the scope of IAS 12) depends on the terms of the underlying legislation, regardless of the period used as the calculation basis for the levy.

An assessment of the impact of this interpretation is ongoing.

A.2. USE OF ESTIMATES

The preparation of financial statements requires management to make reasonable estimates and assumptions based on information available at the date of the finalization of the financial statements. These estimates and assumptions may affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements, and disclosures of contingent assets and contingent liabilities as at the date of the review of the financial statements. Examples of estimates and assumptions include:

- amounts deducted from sales for projected sales returns, chargeback incentives, rebates and price reductions;
- impairment of property, plant and equipment, intangible assets, and investments in associates and joint ventures;
- the valuation of goodwill, and the valuation and useful life of acquired intangible assets;
- the amount of post-employment benefit obligations;
- the amount of provisions for restructuring, litigation, tax risks and environmental risks;
- the amount of deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences;
- the measurement of contingent consideration.

For half-year financial reporting purposes, and as allowed under IAS 34, Sanofi has determined income tax expense on the basis of an estimate of the effective tax rate for the full financial year. This rate is applied to ***Income before tax and associates and joint ventures***. The estimated effective tax rate is based on the tax rates that will be applicable to projected pre-tax profits or losses arising in the various tax jurisdictions in which Sanofi operates.

Actual results could vary from these estimates.

A.3. SEASONAL TRENDS

Sanofi's activities are not subject to significant seasonal fluctuations.

A.4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Under IFRS 7 (Financial Instruments: Disclosures), fair value measurements must be classified using a hierarchy based on the inputs used to measure the fair value of the instrument. This hierarchy has three levels:

- Level 1: use of quoted prices in active markets for identical instruments (without modification or repackaging);
- Level 2: use of quoted prices in active markets for similar assets and liabilities, and valuation techniques in which all important inputs are derived from observable market data;
- Level 3: use of valuation techniques in which not all important inputs are derived from observable market data.

The table below sets forth the principles used to measure the fair value of the principal financial assets and liabilities recognized by the Group in its balance sheet:

Note	Type of financial instrument	Measurement principle	Level in IFRS 7 fair value hierarchy	Valuation technique	Method used to determine fair value			
						Market data		
					Valuation model	Exchange rate	Interest rate	Volatility
B.6.	Available-for-sale financial assets (quoted equity securities)	Fair value	1	Market value	Quoted market price	N/A		
B.6.	Available-for-sale financial assets (unquoted debt securities)	Fair value	2	Income approach	Present value of future cash flows	N/A	Mid swap + z-spread for bonds of comparable risk and maturity	N/A
B.6.	Long-term loans and advances	Amortized cost	N/A	N/A	The amortized cost of long-term loans and advances at the balance sheet date is not materially different from their fair value.			
B.6.	Financial assets recognized under the fair value option	Fair value	1	Market value	Net asset value	N/A		
B.10.	Forward currency contracts	Fair value	2	Income approach	Present value of future cash flows	ECB Fixing	< 1year: Mid Money Market > 1 year: Mid Zero Coupon	N/A
B.10.	Currency options	Fair value	2		Options with no knock-out feature : Garman & Kohlhagen Knock-out options: Merton, Reiner & Rubinstein	ECB Fixing	< 1 year: Mid Money Market > 1an: Mid Zero Coupon	Mid in-the-money
B.10.	Interest rate swaps	Fair value	2		Present value of future cash flows	N/A	< 1 year: Mid Money Market and LIFFE interest rate futures > 1an: Mid Zero Coupon	N/A
B.10.	Cross-currency swaps	Fair value	2		Present value of future cash flows	ECB Fixing	< 1 year: Mid Money Market and LIFFE interest rate futures > 1 year: Mid Zero Coupon	N/A
B.9.	Investments in collective investment schemes	Fair value	1	Market value	Net asset value	N/A		
B.9.	Negotiable debt instruments, commercial paper, sight deposits and term deposits	Amortized cost	N/A	N/A	Because these instruments have a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as disclosed in the notes to the consolidated financial statements			
B.9.	Financial liabilities	Amortized cost	N/A	N/A	For financial liabilities with a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as disclosed in the notes to the consolidated financial statements. For financial liabilities with a maturity of more than 3 months, fair value as disclosed in the notes to the consolidated financial statements is determined either by reference to quoted market prices at the balance sheet date (quoted instruments) or by discounting the future cash flows based on observable market data at the balance sheet date (unquoted instruments).			
B.11.	Liabilities related to business combinations and to non-controlling interests (CVRs)	Fair value	1	Market value	Quoted market price	N/A		
B.11.	Liabilities related to business combinations and to non-controlling interests (except CVRs)	Fair value	3	Income approach	Contingent consideration payable in a business combination is a financial liability under IAS 32. The fair value of such liabilities is determined by adjusting the contingent consideration at the balance sheet date using the method described in Note B.11.			

B/ Significant information for the first half of 2013

B.1. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION

On March 20, 2013, Sanofi completed the acquisition of 100% of Genfar S.A., the leading manufacturer of pharmaceutical products in Colombia. Genfar S.A. is also the second-largest generics company in Colombia in terms of sales, generating annual revenue in the region of €100 million. The provisional purchase price allocation resulted in the recognition of goodwill amounting to €118 million. The provisional fair value of the other intangible assets identified in the acquisition is €59 million (see Note B.3.). The impacts of this acquisition on business operating income and net income in the first half of 2013 are not material.

The impact of the other acquisitions during the period is not material at Group level.

Sanofi made no divestments during the period.

B.2. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment in the first half of 2013 amounted to €464 million. This reflects investments in the Pharmaceuticals segment of €369 million, primarily in industrial facilities (€212 million). The Vaccines segment accounted for €66 million of acquisitions during the period, and the Animal Health segment for €29 million.

The Group did not recognize any material impairment losses against property, plant and equipment during the first half of 2013.

Firm orders for property, plant and equipment as of June 30, 2013 totaled €343 million.

B.3. GOODWILL AND OTHER INTANGIBLE ASSETS

Movements in intangible assets other than goodwill during the first half of 2013 were as follows:

(€ million)	Acquired R&D	Products trademarks and other rights	Software	Total other intangible assets
Gross value at January 1, 2013	**5,896**	**49,303**	**1,028**	**56,227**
Changes in scope of consolidation	1	59	—	60
Acquisitions and other increases	45	97	38	180
Disposals and other decreases	—	(18)	(5)	(23)
Currency translation differences	1	(248)	(7)	(254)
Transfers	(73)	73	(2)	(2)
Gross value at June 30, 2013	**5,870**	**49,266**	**1,052**	**56,188**
Accumulated amortization & impairment at January 1, 2013	**(1,813)**	**(33,461)**	**(761)**	**(36,035)**
Amortization expense	—	(1,543)	(48)	(1,591)
Impairment losses, net of reversals[(1)]	(470)	(46)	—	(516)
Disposals and other decreases	—	10	5	15
Currency translation differences	12	182	6	200
Transfers	—	4	1	5
Accumulated amortization & impairment at June 30, 2013	**(2,271)**	**(34,854)**	**(797)**	**(37,922)**
Carrying amount at January 1, 2013	4,083	15,842	267	20,192
Carrying amount at June 30, 2013	**3,599**	**14,412**	**255**	**18,266**

(1) See Note B.4.

Acquisitions of intangible assets other than goodwill (excluding software) in the first half of 2013 amounted to €142 million, including the acquisition by Chattem of the worldwide rights to the Rolaids® trademark for €64 million.

The €59 million effect of changes in scope of consolidation relates to the fair value attributed to products, trademarks and other rights in the Genfar acquisition, completed during the first half of 2013 (see Note B.1.).

The "Transfers" line mainly comprises acquired research and development that came into commercial use during the period and is being amortized from the date of marketing approval.

"Products, trademarks and other rights" mainly comprise:

- marketed products, with a carrying amount of €13.8 billion as of June 30, 2013 (€15.2 billion as of December 31, 2012) with a weighted average amortization period of approximately 9 years;
- trademarks, with a carrying amount of €0.4 billion as of June 30, 2013 (€0.4 billion as of December 31, 2012) with a weighted average amortization period of approximately 14 years.

Key data for the principal marketed products, representing 87% of the carrying amount of this item as of June 30, 2013, are as follows:

(€ million)	Gross value	Amortization and impairment	Carrying amount June 30, 2013	Amortization period [1] (in years)	Residual amortization period [2] (in years)	Carrying amount December 31, 2012
Genzyme	7,900	(2,204)	5,696	10	9	6,227
Aventis	31,171	(27,945)	3,226	9	5	3,902
Merial	3,659	(1,333)	2,326	10	7	2,492
Chattem	1,147	(210)	937	22	20	962
Zentiva	947	(542)	405	9	6	476
Total	**44,824**	**(32,234)**	**12,590**			**14,059**

(1) Weighted averages. Amortization periods for these products vary between 1 and 25 years.
(2) Weighted averages.

Goodwill amounted to €38,144 million as of June 30, 2013, versus €38,073 million as of December 31, 2012. The movement during the first half of 2013 included an increase of €142 million as a result of acquisitions completed during the period (especially Genfar, see Note B.1.), and the negative effect of currency translation differences (€71 million).

B.4. IMPAIRMENT OF INTANGIBLE ASSETS

The results of impairment tests conducted in accordance with IAS 36 (Impairment of Assets) as of June 30, 2013 led to the recognition of a charge of €440 million.

This charge mainly comprises a net loss of €384 million arising on the intangible assets of BiPar due to the discontinuation of the internal investigational programs for iniparib. Given that no goodwill arose on the initial recognition of this business combination, which was completed in 2009, the contingent consideration liability relating to this acquisition has been reversed through profit or loss in accordance with the pre-revision version of IFRS 3. Consequently, the net impairment loss includes the €76 million gain arising from the reversal of the contingent consideration liability (see Note B.11.).

B.5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

For definitions of the terms "associate" and "joint venture", refer to Note B.1. to the consolidated financial statements for the year ended December 31, 2012.
Investments in associates and joint ventures are as follows:

(€ million)	% Interest	June 30, 2013	December 31, 2012
Sanofi Pasteur MSD	50.0	270	287
InfraServ GmbH & Co.Höchst KG	31.2	84	79
Entities and companies managed by Bristol-Myers Squibb[1]	49.9	87	74
Other investments	—	45	47
Total		**486**	**487**

(1) Under the terms of the agreements with Bristol-Myers Squibb (BMS) (see Note C.1. to the consolidated financial statements for the year ended December 31, 2012), the Group's share of the net assets of entities majority-owned by BMS is recorded in ***Investments in associates and joint ventures***.

The financial statements include commercial transactions between the Group and certain of its associates and joint ventures, which are regarded as related parties. The principal transactions and balances of this nature are summarized below:

(€ million)	June 30, 2013	June 30, 2012	December 31, 2012
Sales	73	182	320
Royalties	8	452	564
Accounts receivable	48	188	79
Purchases and other expenses	141	117	231
Accounts payable	30	29	22
Other liabilities	109	521	100

B.6. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets comprise the following items:

(€ million)	June 30, 2013	December 31, 2012
Available-for-sale financial assets[1]	3,311	2,569
Pre-funded pension obligations	6	6
Long-term loans and advances	702	695
Assets recognized under the fair value option	155	135
Derivative financial instruments	316	394
Total	**4,490**	**3,799**

(1) Includes 15.8 million shares in Regeneron Pharmaceuticals, valued at €2,719 million as of June 30, 2013 based on the quoted stock market price per share of $224.88 as of that date (versus €2,051 million as of December 31, 2012 based on the quoted stock market price per share of $171.07 as of that date). This movement is recorded in ***Other comprehensive income***.

B.7. ACCOUNTS RECEIVABLE

Accounts receivable break down as follows:

(€ million)	June 30, 2013	December 31, 2012
Gross value	7,759	7,641
Impairment	(145)	(134)
Net value	**7,614**	**7,507**

The impact of changes in provisions for impairment of accounts receivable during the first half of 2013 was a net expense of €14 million.

The table below shows the ageing profile of overdue accounts receivable, based on gross value:

(€ million)	Overdue accounts Gross value	Overdue <1 month	Overdue from 1 to 3 months	Overdue from 3 to 6 months	Overdue from 6 to 12 months	Overdue >12 months
June 30, 2013	1,218	344	330	207	193	144
December 31, 2012	1,057	371	247	152	126	161

Accounts overdue by more than one month relate mainly to public-sector customers.

B.8. CONSOLIDATED SHAREHOLDERS' EQUITY

B.8.1. Share capital

The share capital of €2,664,190,904 consists of 1,332,095,452 shares (the total number of shares outstanding) with a par value of €2.

Treasury shares held by the Group are as follows:

	Number of shares in million	%
June 30, 2013	6.2	0.46%
December 31, 2012	3.1	0.24%
June 30, 2012	4.1	0.31%
January 1, 2012	17.2	1.28%

A total of 12,223,270 new shares were issued during the first half of 2013 as a result of the exercise of options under stock subscription option plans.

A total of 1,916,459 restricted shares vested and were issued in the first half of 2013 under restricted share plans, of which 539,031 were awarded as part of the March 2, 2009 plan and 1,376,690 as part of the March 9, 2011 plan.

B.8.2. Repurchase of Sanofi shares

The shareholders' Annual General Meeting of May 4, 2012 authorized a share repurchase program for a period of 18 months. Under this program (and this program only), Sanofi repurchased 5,528,486 shares during the first half of 2013 for a total of €401 million.

The shareholders' Annual General Meeting of May 3, 2013 authorized a share repurchase program for a period of 18 months. Under this program (and this program only), Sanofi repurchased 5,885,439 shares during May and June 2013 for a total of €489 million.

In addition, transactions carried out under the liquidity contract in the first half of 2013 had a negative effect of €2 million on equity.

B.8.3. Reduction in share capital

On April 30, 2013, the Board of Directors approved the cancellation of 8,387,236 treasury shares (€602 million including additional paid-in capital), representing 0.63% of the share capital as of June 30, 2013.

These cancellations had no effect on consolidated shareholders' equity.

B.8.4. Performance share plan

The Board of Directors meeting held on March 5, 2013 awarded a performance share plan consisting of 4,295,705 shares, of which 2,838,795 will vest after a four-year service period and 1,456,910 will vest after a three-year service period but will be non-transferable for a further two-year lock-up period.

The plan was measured as of the date of grant. The fair value of each share awarded is equal to the quoted market price of the share as of that date (€74.76), adjusted for dividends expected during the vesting period.

The fair value of the performance share plan is €256 million. This amount is being recognized as an expense over the vesting period, with the matching entry recorded directly in equity. The expense recognized for this plan during the first half of 2013 was €22 million.

The total expense recognized in the first half of 2013 for all restricted share plans was €73 million, compared with €59 million in the first half of 2012. A total of 12,647,809 shares were in process of vesting as of June 30, 2013 (4,267,265 under the 2013 plan, 4,529,740 under the 2012 plan, 1,778,720 under the 2011 plan, and 2,072,084 under the 2010 plan).

B.8.5. Stock option plan

On March 5, 2013, the Board of Directors granted 788,725 stock subscription options at an exercise price of €72.19. The vesting period is four years, and the plan expires on March 5, 2023.

The following assumptions were used in determining the fair value of this plan:

- dividend yield: 4.45%;
- plan maturity: 7 years;
- volatility of Sanofi shares, computed on a historical basis: 27.21%;
- interest rate: 1.395%.

On this basis, the fair value of one option is €12.02, and the fair value of the 2013 plan is €9 million. This amount is being recognized as an expense over the vesting period, with the matching entry recorded directly in equity. The expense recognized for this plan during the first half of 2013 was €0.8 million.

The total expense recognized for stock option plans in the first half of 2013 was €12 million, compared with €14 million in the first half of 2012.

The table below provides summary information about options outstanding and exercisable as of June 30, 2013:

	Outstanding			Exercisable	
Range of exercise prices per share	Number of options	Average residual life (in years)	Weighted average exercise price per share (€)	Number of options	Weighted average exercise price pershare (€)
From €1.00 to €10.00 per share	13,070	2.14	7.74	13,070	7.74
From €10.00 to €20.00 per share	30,980	3.38	14.43	30,980	14.43
From €20.00 to €30.00 per share	3,000	4.99	28.38	3,000	28.38
From €30.00 to €40.00 per share	193,355	5.75	38.08	193,355	38.08
From €40.00 to €50.00 per share	5,699,195	4.62	44.16	5,699,195	44.16
From €50.00 to €60.00 per share	9,949,245	6.45	54.12	756,665	55.74
From €60.00 to €70.00 per share	13,747,585	3.94	64.73	13,747,585	64.73
From €70.00 to €80.00 per share	9,769,436	2.54	70.53	8,980,711	70.38
Total	**39,405,866**			**29,424,561**	
of which stock purchase options	*240,405*				
of which stock subscription options	*39,165,461*				

B.8.6. Number of shares used to compute diluted earnings per share

Diluted earnings per share is computed using the number of shares outstanding plus stock options, restricted shares and performance shares with a potentially dilutive effect.

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Average number of shares outstanding	1,323.9	1,319.3	1,319.5
Adjustment for options with potentially dilutive effect	9.8	3.0	4.0
Adjustment for restricted shares with potentially dilutive effect	6.8	5.6	6.1
Average number of shares used to compute diluted earnings per share	**1,340.5**	**1,327.9**	**1,329.6**

As of June 30, 2013, 0.8 million stock options were excluded from the calculation of diluted earnings per share because they did not have a potentially dilutive effect, versus 32 million as of December 31, 2012 and 43 million as of June 30, 2012.

B.8.7. Other comprehensive income

Movements in other comprehensive income were as follows:

(€ million)	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Balance, beginning of period [1]	**(1,596)**	**(1,413)**	**(1,413)**
Attributable to equity holders of Sanofi [1]	*(1,572)*	*(1,396)*	*(1,396)*
Attributable to non-controlling interests [1]	*(24)*	*(17)*	*(17)*
Actuarial gains/(losses):			
• Impact of asset ceiling	—	—	1
• Actuarial gains/(losses) excluding associates and joint ventures	721	(666)	(1,440)
• Actuarial gains/(losses) of associates and joint ventures	—	—	(7)
• Tax effect	(138)	172	465
Items not subsequently reclassifiable to profit or loss	**583**	**(494)**	**(981)**
Available-for-sale financial assets:			
• Change in fair value	754[2]	820	1,451
• Tax effects	(74)	(59)	(114)
Cash flow hedges:			
• Change in fair value	(3)[3]	(5)	(4)
• Tax effect	1	2	1
Change in currency translation differences:			
• Currency translation differences on foreign subsidiaries	(329)	572	(542)
• Hedges of net investments in foreign operations	—	—	10
• Tax effect	—	—	(4)
Items subsequently reclassifiable to profit or loss	**349**	**1,330**	**798**
Balance, end of period [1]	**(664)**	**(577)**	**(1,596)**
Attributable to equity holders of Sanofi [1]	*(635)*	*(560)*	*(1,572)*
Attributable to non-controlling interests [1]	*(29)*	*(17)*	*(24)*

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.).
(2) Includes reclassifications to profit or loss: €5 million in the first half of 2013.
(3) Includes reclassifications to profit or loss recognized in net financial expense (€0.7) million in the first half of 2013.

B.9. DEBT, CASH AND CASH EQUIVALENTS

Changes in the Group's financial position during the period were as follows:

(€ million)	June 30, 2013	December 31, 2012
Long-term debt	10,689	10,719
Short-term debt and current portion of long-term debt	3,971	3,812
Interest rate and currency derivatives used to hedge debt	(307)	(433)
Total debt	**14,353**	**14,098**
Cash and cash equivalents	(4,181)	(6,381)
Interest rate and currency derivatives used to hedge cash and cash equivalents	—	2
Debt, net of cash and cash equivalents	**10,172**	**7,719**

"Debt, net of cash and cash equivalents" is a financial indicator used by management and investors to measure the company's overall net indebtedness.

B.9.1. Debt at value on redemption

A reconciliation of the carrying amount of debt to value on redemption as of June 30, 2013 is shown below:

(€ million)	Carrying amount: June 30, 2013	Amortized cost	Adjustment to debt measured at fair value	Value on redemption	
				June 30, 2013	December 31, 2012
Long-term debt	10,689	48	(250)	10,487	10,442
Short-term debt and current portion of long-term debt	3,971	—	—	3,971	3,812
Interest rate and currency derivatives used to hedge debt	(307)	—	196	(111)	(164)
Total debt	**14,353**	**48**	**(54)**	**14,347**	**14,090**
Cash and cash equivalents	(4,181)	—	—	(4,181)	(6,381)
Interest rate and currency derivatives used to hedge cash and cash equivalents	—	—	—	—	2
Debt, net of cash and cash equivalents	**10,172**	**48**	**(54)**	**10,166**	**7,711**

The table below shows an analysis of debt, net of cash and cash equivalents by type, at value on redemption:

	June 30, 2013			December 31, 2012		
(€ million)	Non-current	Current	Total	Non-current	Current	Total
Bond issues	9,926	1,247	11,173	9,886	2,509	12,395
Other bank borrowings	487	655	1,142	478	994	1,472
Commercial paper	—	1,620	1,620	—	—	—
Finance lease obligations	61	14	75	65	13	78
Other borrowings	13	73	86	13	42	55
Bank credit balances	—	362	362	—	254	254
Interest rate and currency derivatives used to hedge debt	(118)	7	(111)	(124)	(40)	(164)
Total debt	**10,369**	**3,978**	**14,347**	**10,318**	**3,772**	**14,090**
Cash and cash equivalents	—	(4,181)	(4,181)	—	(6,381)	(6,381)
Interest rate and currency derivatives used to hedge cash and cash equivalents	—	—	—	—	2	2
Debt, net of cash and cash equivalents	**10,369**	**(203)**	**10,166**	**10,318**	**(2,607)**	**7,711**

Principal financing and debt reduction transactions during the period

During the first half of 2013, the Group carried out a $1.5 billion bond issue maturing April 2018 and bearing interest at an annual rate of 1.25%.

Six borrowings were repaid on maturity:

- a $1 billion bond issue carried out in March 2011, which matured on March 28, 2013;
- a €1.5 billion bond issue carried out in May 2009, which matured on May 17, 2013;
- a ¥15 billion bond issue carried out in June 2008, which matured on June 5, 2013;
- a €150 million bank loan from the European Investment Bank, which matured on February 13, 2013;
- two “Schuldschein” loans (€108 million fixed rate, €162 million floating rate), which matured on May 13, 2013.

In addition, Sanofi had the following arrangements in place as of June 30, 2013 to manage its liquidity in connection with current operations:

- a €3 billion syndicated credit facility expiring December 25, 2013, available for drawdown in euros, extended until December 24, 2014 by the exercise of an extension option in July 2013;
- a €7 billion syndicated credit facility (€0.250 billion expiring July 6, 2015, €6.750 billion expiring July 3, 2017), available for drawdown in euros or U.S. dollars.

Sanofi also has in place two commercial paper programs, one in France (€6 billion) and the other in the United States ($10 billion). Only the U.S. program was drawn down as of June 30, 2013, in an amount of $2.1 billion.

The financing arrangements in place as of June 30, 2013 at the level of the Sanofi parent company (which centrally manages the bulk of the Group's financing needs) are not subject to covenants regarding financial ratios, and contain no clauses linking credit spreads or fees to Sanofi's credit rating.

B.9.2. Market value of debt

The market value of debt, net of cash and cash equivalents at June 30, 2013 was €10,733 million (versus €8,566 million at December 31, 2012), compared with a value on redemption of €10,166 million (versus €7,711 million at December 31, 2012).

B.10. DERIVATIVE FINANCIAL INSTRUMENTS

B.10.1. Currency derivatives used to manage operational risk exposures

The table below shows operational currency hedging instruments in place as of June 30, 2013, with the notional amount translated into euros at the relevant closing exchange rate:

			Of which derivatives designated as cash flow hedges			Of which derivatives not eligible for hedge accounting	
As of June 30, 2013 (€ million)	Notional amount	Fair Value	Notional amount	Fair Value	Of which recognized in equity	Notional amount	Fair Value
Forward currency sales	**2,616**	**11**	**—**	**—**	**—**	**2,616**	**11**
• *of which U.S. dollar*	*775*	*—*	*—*	*—*	*—*	*775*	*—*
• *of which Russian rouble*	*359*	*7*	*—*	*—*	*—*	*359*	*7*
• *of which Singapore dollar*	*315*	*(3)*	*—*	*—*	*—*	*315*	*(3)*
• *of which Japanese yen*	*307*	*(1)*	*—*	*—*	*—*	*307*	*(1)*
• *of which Chinese yuan renminbi*	*150*	*(2)*	*—*	*—*	*—*	*150*	*(2)*
Forward currency purchases	**531**	**(1)**	**—**	**—**	**—**	**531**	**(1)**
• *of which Hungarian forint*	*164*	*(1)*	*—*	*—*	*—*	*164*	*(1)*
• *of which Russian rouble*	*52*	*—*	*—*	*—*	*—*	*52*	*—*
• *of which Pound sterling*	*52*	*—*	*—*	*—*	*—*	*52*	*—*
• *of which Swiss franc*	*44*	*—*	*—*	*—*	*—*	*44*	*—*
• *of which Chinese yuan renminbi*	*43*	*—*	*—*	*—*	*—*	*43*	*—*
Total	**3,147**	**10**		**—**	**—**	**3,147**	**10**

As of June 30, 2013, none of these instruments had an expiry date later than October 2013 (except for a forward purchase position of GBP 31 million maturing between 2013 and 2015).

These positions primarily hedge material foreign-currency cash flows arising after the balance sheet date in relation to transactions carried out during the six months to June 30, 2013 and recognized in the consolidated balance sheet as of that date. Gains and losses on these hedging instruments (forward contracts) are calculated and recognized in parallel with the recognition of gains and losses on the hedged items. Consequently, the commercial foreign exchange gain or loss to be recognized on these items (hedges and hedged transactions as of June 30, 2013) in the second half of 2013 will not be material.

B.10.2. Currency and interest rate derivatives used to manage financial risk exposures

Cash pooling arrangements for foreign subsidiaries outside the euro zone, and some of the Group's financing activities, expose certain entities (especially the Sanofi parent company) to financial foreign exchange risk. This is the risk of changes in the value of loans and borrowings denominated in a currency other than the functional currency of the lender or borrower.

This foreign exchange risk is hedged by firm financial instruments (currency swaps or forward contracts) contracted with banks.

The table below shows the amounts outstanding on financial foreign exchange risk hedging instruments as of June 30, 2013, with the notional amount translated into euros at the exchange rate on that date:

As of June 30, 2013 (€ million)	Notional amount	Fair Value	Expiry
Forward currency sales	**3,539**	**9**	
• *of which U.S. dollar*	*1,769*	*(16)*	*2013*
• *of which Japanese yen*	*1,144*	*20*	*2014*
• *of which Australian dollar*	*130*	*—*	*2013*
Forward currency purchases	**1,658**	**(2)**	
• *of which Singapore dollar*	*432*	*—*	*2013*
• *of which Pound Sterling*	*345*	*2*	*2013*
• *of which Swiss franc*	*202*	*—*	*2013*
Total	**5,197**	**7**	

To limit risk and optimize the cost of its short-term and medium-term net debt, Sanofi uses derivative instruments that alter the interest rate and/or currency structure of its debt and cash. The table below shows instruments of this type in place as of June 30, 2013:

	Notional amounts by expiry date As of June 30, 2013							Of which derivatives designated as fair value hedges			Of which derivatives designated as cash flow hedges		
(€ million)	2013	2014	2015	2016	2017	2019	Total	Fair value	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity
Interest rate swaps													
Interest rate swap, pay floating / receive 2.73%	—	—	—	500	—	—	500	30	500	30	—	—	—
Interest rate swap, pay floating / receive 2.38%	—	1,200	—	1,000	—	800	3,000	205	3,000	205	—	—	—
Interest rate swap, pay floating / receive 0.58%	—	—	—	—	375	—	375	(2)	375	(2)	—	—	—
Interest rate swap, pay floating / receive 1.15%	—	—	—	—	428	—	428	—	—	—	—	—	—
Interest rate swap, pay floating / receive 0.34%	—	382	—	—	—	—	382	1	382	1	—	—	—
Cross-currency swaps													
- pay € 4.87% / receive CHF 3.38%	—	—	244	—	—	—	244	80	—	—	244	80	1
Currency swaps[1]													
- pay € / receive USD	1,621	—	—	—	—	—	1,621	(7)	—	—	—	—	—
Total	**1,621**	**1,582**	**244**	**1,500**	**803**	**800**	**6,550**	**307**	**4,257**	**234**	**244**	**80**	**1**

(1) Currency swaps used to hedge drawdowns under U.S. dollar-denominated commercial paper programs (see Note B.9.1.).

B.11. LIABILITIES RELATED TO BUSINESS COMBINATIONS AND TO NON-CONTROLLING INTERESTS

A description of the nature of the liabilities included in the line item ***Liabilities related to business combinations and to non-controlling interests*** is provided in Note B.8.5. to the consolidated financial statements for the year ended December 31, 2012.

The liabilities related to business combinations and to non-controlling interests reported in the table below are classified as Level 3 instruments under IFRS 7 (see Note A.4.), except for the CVRs issued in connection with the Genzyme acquisition which are classified as Level 1 instruments.

Movements in liabilities related to business combinations and to non-controlling interests during the first half of 2013 were as follows:

		Liabilities related to business combinations			
(€ million)	Liabilities related to non-controlling interests[1]	CVRs issued in connection with the acquisition of Genzyme[2]	Bayer contingent consideration arising from the Genzyme acquisition	Other	Total
Balance at January 1, 2013	**192**	**321**	**632**	**305**	**1,450[5]**
New business combinations	—	—	—	1	1
Payments made	—	—	(24)	(3)	(27)
Fair value remeasurements through profit or loss (including unwinding of discount)[3]	—	38	49	30	117
Other movements	(51)	—	—	(42) [4]	(93)
Currency translation differences	—	3	3	2	8
Balance at June 30, 2013	**141**	**362**	**660**	**293**	**1,456**
Split as follows:					
• Current					109
• Non-current					1,347

(1) Put options granted to non-controlling interests and commitment to future buyout of the non-controlling interests of BMS.
(2) On the basis of the quoted price of one CVR of $1.90 at June 30, 2013 and $1.70 at December 31, 2012.
(3) Amounts reported in the income statement line item ***Fair value remeasurement of contingent consideration liabilities***.
(4) Mainly comprises the reversal of the BiPar contingent consideration: €76 million (see Note B.4.).
(5) As of January 1, 2013, comprised €1,350 million due after more than one year and €100 million due within less than one year.

Liabilities related to business combinations and to non-controlling interests as of June 30, 2013 mainly comprised the Bayer contingent consideration liability arising from the acquisition of Genzyme in 2011 (€660 million) and contingent consideration associated with the acquisition of TargeGen in 2010 (€190 million).

Bayer is entitled to receive the following potential payments:

- a percentage of sales of alemtuzumab up to a maximum of $1,250 million or over a maximum period of ten years, whichever is achieved first;
- milestone payments on 2013 annual sales of Campath®, Fludara® and Leukine®, up to a maximum of $50 million;
- milestone payments based on specified levels of worldwide sales of alemtuzumab beginning in 2021, unless Genzyme exercises its right to buy out these milestone payments by making a one-time payment not exceeding $900 million.

The fair value of the Bayer liability is determined on the basis of these contractual terms, applied to sales forecasts that are weighted for probability and discounted.

If the product were to obtain marketing approval in all of the geographical regions, the fair value of the Bayer liability would increase by approximately 18%.

If the discount rate were to fall by 1 point, the fair value of the Bayer liability would increase by approximately 3%.

The former shareholders of TargeGen will be entitled to receive additional consideration if specified development milestones are attained, up to and including product approval.

The fair value of the TargeGen liability is determined on the basis of these contractual terms, weighted for the probability that the development milestones will be attained.

If the most advanced indication were to be approved, the TargeGen liability would increase by approximately 8%.

B.12. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities consist of the following items:

(€ million)	Provisions for pensions and other benefits	Provisions for other long term benefits	Restructuring provisions	Other provisions	Other non-current liabilities	Total
Balance at January 1, 2013[1]	**5,242**	**531**	**1,461**	**3,711**	**98**	**11,043**
Changes in scope of consolidation	—	—	—	18	—	18
Increases in provisions and other liabilities	121[2]	51	36	180[3]	3	391
Provisions utilized	(530)[2]	(36)	(52)	(61)	—	(679)
Reversals of unutilized provisions	—[2]	—	(4)	(305)[3]	—	(309)
Transfers[4]	—	(8)	(170)	(54)	—	(232)
Net interest on net defined benefit liabilities	75	4	—	—	—	79
Unwinding of discount	—	—	15	21	—	36
Unrealized gains and losses	—	—	—	(5)	—	(5)
Currency translation differences	(31)	(1)	(3)	(21)	—	(56)
Actuarial gains/losses on defined-benefit plans	(721)	—	—	—	—	(721)
Balance at June 30, 2013	**4,156**	**541**	**1,283**	**3,484**	**101**	**9,565**

(1) Includes the impact of the amended IAS19 (see Note A.1.2.).

(2) As regards provisions for pensions and other post-employment benefits, the "increases in provisions" line corresponds to rights vesting in employees during the period, and past service cost; the "provisions utilized" line corresponds to contributions paid to pension funds, and plan settlements; and the "reversals of unutilized provisions" line corresponds to plan curtailments. For the first half of 2013, the "provisions utilized" line includes in particular €317 million paid into pension funds in the United States.

(3) Amounts charged and reversals during the first half of 2013 are largely due to reassessments of tax risks and the resolution of various procedures underway with the tax authorities of several countries.

(4) Includes in particular transfers between current and non-current.

Provisions for pensions and other employee benefits

With effect from January 1, 2013, the Group has applied the amended IAS 19, the impacts of which are presented in Note A.1.2.

For disclosures about the sensitivity of pension and other employee benefit obligations, and the assumptions used as of December 31, 2012, see Note D.19.1. to the consolidated financial statements for the year ended December 31, 2012.

The principal assumptions used (in particular, discount rates and the market value of plan assets) for the euro zone, the United States and the United Kingdom were reviewed as of June 30, 2013 to take into account changes during the first half of 2013.

Actuarial gains and losses on pensions and other post-employment benefits recognized with a matching entry in equity are as follows (amounts reported before tax):

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Actuarial gains/(losses) on plan assets	96	166	463
Actuarial gains/(losses) on benefit obligations	625[1]	(832)	(1,909)
Decrease/(increase) in provision	**721**	**(666)**	**(1,446)**

(1) The movement during the first half of 2013 includes in particular the rise in discount rates (between +0.25% and +0.75%).

B.13. OFF BALANCE SHEET COMMITMENTS

There were no material changes in the Group's off balance sheet commitments during the period.

B.14. LEGAL AND ARBITRAL PROCEEDINGS

Sanofi and its affiliates are involved in litigation, arbitration and other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights (particularly claims against generic companies seeking to limit the patent protection of Sanofi products), competition law and trade practices, commercial claims, employment and wrongful discharge claims, tax assessment claims, waste disposal and pollution claims, and claims under warranties or indemnification arrangements relating to business divestitures.

The matters discussed below constitute the most significant developments since publication of the disclosures concerning legal proceedings in the Company's financial statements for the year ended December 31, 2012.

a) Products

- *Plavix® Product litigation*

As of July 2013, there are approximately 644 actions pending with a total of around 4,000 plaintiffs in connection with the use of Plavix®.

b) Patents

- *Plavix® Patent Litigation in Australia*

On April 8, 2013, the Australian Department of Health and Ageing filed an application before the First Instance Federal Court of Australia seeking payment of damages from Sanofi related to the Apotex preliminary injunction amounting to AU$156 million.

c) Other litigation and arbitration

- *Zimulti®/Acomplia® (rimonabant) class action*

In March 2013, the Court granted Plaintiffs motion for class certification, certifying only a class of purchasers of Sanofi ADRs between February 24, 2006 and June 13, 2007. The Court rejected Plaintiffs' request for a class of purchasers of Sanofi ordinary shares. The proceeding is in the discovery stage.

- *Merial Heartgard® Advertisement Claim*

In April 2013, the Court denied Plaintiffs motion for class certification. In May 2013, Plaintiffs filed a petition requesting permission to appeal. On May 30, 2013 the District Court issued an order staying all pending motions, including Merial's motion for summary judgment until the appeal has been decided.

- *Merial Frontline® Advertisement Claim*

On March 19, 2013, the Court granted Defendants' motion for summary judgment and dismissed the cases. In April 2013, Plaintiffs filed a notice of appeal.

d) Contingencies arising from certain business divestitures

- *Rhodia Retained Liabilities*

On February 5, 2013, Rhodia's motion for reconsideration of the Sao Paolo's Court of Appeal's decision (of September 2011) was rejected by an *en banc* decision of the same Court. To date, the admissibility of Rhodia's recourse initiated against this decision is under consideration by a Commission of the Brazilian Supreme Court.

B.15. RESTRUCTURING COSTS

Restructuring costs break down as follows:

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Employee-related expenses	121	97	860
Expenses related to property, plant and equipment	20	137	221
Compensation for early termination of contracts (other than contracts of employment)	5	(1)	7
Decontamination costs	—	11	2
Other restructuring costs	13	6	51
Total	**159**	**250**	**1,141**

B.16. FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise the following items:

(€ million)	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 2012[1] (12 months)
Cost of debt[2]	(194)	(207)	(417)
Interest income	24	39	68
Cost of debt, net of cash and cash equivalents	**(170)**	**(168)**	**(349)**
Non-operating foreign exchange gains/(losses)	1	4	(17)
Unwinding of discount on provisions[3]	(36)	(44)	(87)
Interest expense on the net defined-benefit liability[1]	(79)	(98)	(198)
Gains/(losses) on disposals of financial assets	4	—	37
Impairment losses on financial assets, net of reversals	—	(8)	(30)
Other items	3	(11)	(14)
Net financial income/(expenses)	**(277)**	**(325)**	**(658)**
Comprising: Financial expenses	**(311)**	**(370)**	**(751)**
Financial income	**34**	**45**	**93**

(1) Includes the impact of the voluntary change in accounting policy described in Note A.1.2.
(2) Includes the gain/(loss) on interest and currency derivatives used to hedge debt: €45 million for the six months ended June 30, 2013.
(3) Primarily provisions for environmental risks and for restructuring (see Note B.12.).

The impact of hedge ineffectiveness during the six months ended June 30, 2013 was immaterial.

B.17. INCOME TAX EXPENSE

The Group has opted for tax consolidations in a number of countries, principally France, Germany, the United Kingdom and the United States.

The table below shows the split of income tax expense between current and deferred taxes:

(€ million)	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Current taxes	(964)	(1,246)	(2,050)
Deferred taxes	608	391	941
Total	**(356)**	**(855)**	**(1,109)**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.).

The difference between the effective tax rate and the standard corporate income tax rate applicable in France is explained as follows:

(as a percentage)	June 30, 2013[1] (6 months)	June 30, 2012[1] (6 months)	December 31, 2012 (12 months)
Standard tax rate applicable in France	34.4	34.4	34.4
Difference between French tax rate and tax rates applicable to foreign subsidiaries[2]	(10.5)	(3.2)	(6.2)
Impact of reduced-rate income tax on royalties in France	(4.2)	(6.7)	(6.4)
Tax rate differential on intragroup margin in inventory[3]	0.6	(1.7)	(1.0)
Impact of tax borne by BMS for the territory managed by Sanofi[4]	(1.4)	(0.8)	(0.7)
Impact of change in net deferred tax liabilities as a result of changes in tax laws and rates	(0.5)	(1.2)	(0.9)
French business tax (Cotisation sur la Valeur Ajoutée des Entreprises)	1.8	1.0	1.2
Reassessment of Group's tax risks	(6.0)	2.4	(1.0)
Tax on dividend	5.8	—	—
Other items	(1.1)	0.1	(0.2)
Effective tax rate	**18.9**	**24.3**	**19.2**

(1) Rate calculated on the basis of the estimated full-year effective tax rate (see Note A.2.).
(2) Effect relating to the geographical mix of profits of Group entities, including amortization and impairment of intangible assets (which represented a higher proportion of pre-tax profits in the first half of 2013 than in the first half 2012 or in the year ended December 31, 2012).
(3) When intragroup margin included in inventory is eliminated, a deferred tax asset is recognized on the basis of the tax rate applicable to the subsidiary that holds the inventory, which may differ from the tax rate of the subsidiary that generated the eliminated intragroup margin.
(4) Reported on the line ***Attributable to non-controlling interests*** in the consolidated income statement.

B.18. SEGMENT INFORMATION

Sanofi has three operating segments: Pharmaceuticals, Human Vaccines (Vaccines), and Animal Health. All other activities are combined in a separate segment, Other.

The Pharmaceuticals segment covers research, development, production and marketing of medicines, including activities acquired with Genzyme. Sanofi's pharmaceuticals portfolio consists of flagship products, plus a broad range of prescription medicines, generic medicines, and consumer health products. This segment also includes all associates and joint ventures whose activities are related to pharmaceuticals, in particular the entities majority owned by BMS.

The Vaccines segment is wholly dedicated to vaccines, including research, development, production and marketing. This segment includes the Sanofi Pasteur MSD joint venture.

The Animal Health segment comprises the research, development, production and marketing activities of Merial, which offers a complete range of medicines and vaccines for a wide variety of animal species.

The "Other" segment consists of all activities that are not reportable segments as defined in IFRS 8.

Inter-segment transactions are not material.

B.18.1. Segment results

Sanofi reports segment results on the basis of "Business operating income". This indicator, which complies with IFRS 8, is used internally to measure operational performance and allocate resources.

Business operating income is derived from ***Operating income***, adjusted as follows:

- the amounts reported in the line items ***Restructuring costs***, ***Fair value remeasurement of contingent consideration liabilities*** and ***Other gains and losses, and litigation*** are eliminated;
- amortization and impairment losses charged against intangible assets (other than software) are eliminated;
- the share of net profits/losses from associates and joint ventures is added;
- the share attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates and joint ventures) are eliminated;
- restructuring costs relating to associates and joint ventures are eliminated.

Segment results are shown in the tables below:

	June 30, 2013 (6 months)				
(€ million)	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**13,522**	**1,457**	**1,083**	**—**	**16,062**
Other revenues	155	12	14	—	
Cost of sales	(4,167)	(695)	(346)	—	(5,208)
Research and development expenses	(2,007)	(249)	(85)	—	(2,341)
Selling and general expenses	(3,796)	(299)	(343)	—	(4,438)
Other operating income and expenses	131	7	(2)	34	170
Share of profit/(loss) of associates and joint ventures	27	(4)	(2)	—	21
Net income attributable to non-controlling interests	(86)	—	—	—	
Business operating income	**3,779**	**229**	**319**	**34**	**4,361**

	June 30, 2012 [1] (6 months)				
(€ million)	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**14,827**	**1,400**	**1,154**	**—**	**17,381**
Other revenues	645	10	18	—	673
Cost of sales	(4,424)	(563)	(346)	—	(5,333)
Research and development expenses	(2,044)	(283)	(80)	—	(2,407)
Selling and general expenses	(3,755)	(287)	(358)	(1)	(4,401)
Other operating income and expenses	(1)	(2)	1	18	16
Share of profit/(loss) of associates and joint ventures	425	(6)	—	—	419
Net income attributable to non-controlling interests	(104)	—	—	—	(104)
Business operating income	**5,569**	**269**	**389**	**17**	**6,244**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.).

(€ million)	December 31, 2012 [1] (12 months) Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**28,871**	**3,897**	**2,179**	**—**	**34,947**
Other revenues	933	44	33	—	1,010
Cost of sales	(8,745)	(1,629)	(701)	—	(11,075)
Research and development expenses	(4,203)	(538)	(164)	—	(4,905)
Selling and general expenses	(7,650)	(609)	(669)	(1)	(8,929)
Other operating income and expenses	134	(7)	3	18	148
Share of profit/(loss) of associates and joint ventures	432	(1)	(7)	—	424
Net income attributable to non-controlling interests	(171)	—	(1)	—	(172)
Business operating income	**9,601**	**1,157**	**673**	**17**	**11,448**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.).

The table below shows the reconciliation between ''Business net income'' and ***Income before tax and associates and joint ventures***, in accordance with IFRS 8.

(€ million)	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Business operating income	**4,361**	**6,244**	**11,448**
Share of profit/loss of associates and joint ventures[2]	(21)	(419)	(424)
Net income attributable to non-controlling interests[3]	86	104	172
Amortization of intangible assets	(1,543)	(1,675)	(3,291)
Impairment of intangible assets	(440)	(40)	(117)
Fair value remeasurement of contingent consideration liabilities	(117)	(106)	(192)
Expenses arising from the impact of acquisitions on inventories[4]	(6)	(17)	(23)
Restructuring costs	(159)	(250)	(1,141)
Operating income	**2,161**	**3,841**	**6,432**
Financial expense	(311)	(370)	(751)
Financial income	34	45	93
Income before tax and associates and joint ventures	**1,884**	**3,516**	**5,774**

(1) Includes the impact of applying the amended IAS 19 (see Note A.1.2.).
(2) Excluding (i) restructuring costs of associates and joint ventures and (ii) expenses arising from the impact of acquisitions on associates and joint ventures.
(3) Excluding the share attributable to non-controlling interests of (i) restructuring costs and (ii) other adjustments.
(4) This line records the impact of the workdown of acquired inventories remeasured at fair value at the acquisition date.

B.18.2. Other segment information

The tables below show the split by operating segment of (i) the carrying amount of investments in associates and joint ventures accounted for by the equity method, (ii) acquisitions of property, plant and equipment, and (iii) acquisitions of intangible assets.

The principal associates and joint ventures are: for the Pharmaceuticals segment, the entities majority owned by BMS (see Note C.1. to the consolidated financial statements for the year ended December 31, 2012), Handok (divested October 30, 2012), and Infraserv GmbH & Co. Höchst KG; and for the Vaccines segment, Sanofi Pasteur MSD.

Acquisitions of intangible assets and property, plant and equipment correspond to acquisitions made during the period.

(€ million)	June 30, 2013				
	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Investments in associates and joint ventures	207	275	4	—	486
Acquisitions of property, plant and equipment	417	91	40	—	548
Acquisitions of intangible assets	171	6	3	—	180

(€ million)	June 30, 2012				
	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Investments in associates and joint ventures	423	311	—	—	734
Acquisitions of property, plant and equipment	536	108	38	—	682
Acquisitions of intangible assets	98	1	5	—	104

(€ million)	December 31, 2012				
	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Investments in associates and joint ventures	192	292	3	—	487
Acquisitions of property, plant and equipment	1,024	216	79	—	1,319
Acquisitions of intangible assets	276	9	8	—	293

B.18.3. Information by geographical region

The geographical information on net sales provided below is based on the geographical location of the customer.

In accordance with IFRS 8, the non-current assets reported below exclude financial instruments, deferred tax assets, and pre-funded pension obligations.

(€ million)	June 30, 2013					
	Total	Europe	*Of which France*	North America	*Of which United States*	Other countries
Net sales	**16,062**	**5,277**	***1,320***	**5,076**	***4,797***	**5,709**
Non-current assets:						
– property, plant and equipment	10,409	6,548	*3,993*	2,676	*2,291*	1,185
– other intangible assets	18,266	4,003		10,266		3,997
– goodwill [(1)]	36,877	15,021		14,852		7,004

(1) Excludes goodwill allocated in full to the Animal Health segment (see Note D.5. to the consolidated financial statements for the year ended December 31, 2012). Goodwill recognized for the Animal Health cash generating unit amounted to €1,267 million as of June 30, 2013.

(€ million)	June 30, 2012					
	Total	Europe	*Of which France*	North America	*Of which United States*	Other countries
Net sales	**17,381**	**5,688**	***1,517***	**5,668**	***5,395***	**6,025**
Non-current assets:						
– property, plant and equipment	10,723	6,739	*4,020*	2,819	*2,415*	1,165
– other intangible assets	22,415	5,102		12,712		4,601
– goodwill [(1)]	37,755	15,239		15,544		6,972

(1) Excludes goodwill allocated in full to the Animal Health segment (see Note D.5. to the consolidated financial statements for the year ended December 31, 2012). Goodwill recognized for the Animal Health cash generating unit amounted to €1,292 million as of June 30, 2012.

(€ million)	December 31, 2012					
	Total	Europe	*Of which France*	North America	*Of which United States*	Other countries
Net sales	**34,947**	**11,056**	**2,846**	**11,440**	**10,873**	**12,451**
Non-current assets:						
– property, plant and equipment	10,578	6,707	*4,073*	2,696	*2,285*	1,175
– other intangible assets	20,192	4,417		11,400		4,375
– goodwill [(1)]	36,840	15,025		14,761		7,054

(1) Excludes goodwill allocated in full to the Animal Health segment (see Note D.5. to the consolidated financial statements for the year ended December 31, 2012). Goodwill recognized for the Animal Health cash generating unit amounted to €1,233 million as of December 31, 2012.

As stated in Notes B.6.1. and D.5. to the consolidated financial statements for the year ended December 31, 2012, France is not a cash generating unit (CGU). Consequently, information about goodwill is provided for Europe.

B.18.4. Net sales

Sanofi's net sales comprise the net sales generated by the Pharmaceuticals, Vaccines and Animal Health segments.

The table below shows net sales of flagship products and of the other major products of the Pharmaceuticals segment:

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Lantus®	2,747	2,346	4,960
Apidra®	134	108	230
Amaryl®	193	213	421
Insuman®	65	65	135
Other diabetes products	24	15	36
Total: Diabetes	**3,163**	**2,747**	**5,782**
Taxotere®	222	309	563
Eloxatine®	119	759	956
Jevtana®	106	119	235
Thymoglobulin®	96	95	193
Mozobil®	51	45	96
Zaltrap®	25	—	25
Other oncology products	125	165	326
Total: Oncology	**744**	**1,492**	**2,394**
Cerezyme®	342	299	633
Myozyme® /Lumizyme®	242	225	462
Fabrazyme®	183	121	292
Aldurazyme®	78	71	150
Other products	120	118	241
Total: Rare Diseases	**965**	**834**	**1,778**
Aubagio®	53	—	7
Total: Multiple Sclerosis	**53**	**—**	**7**
Total: Genzyme	**1,018**	**834**	**1,785**
Plavix®	943	1,058	2,066
Lovenox®	864	1,015	1,893
Aprovel® / CoAprovel®	479	641	1,151
Renagel® /Renvela®	346	312	653
Allegra®	248	308	553
Ambien® Family	193	254	497
Depakine ®	209	202	410
Synvisc® /Synvisc-One®	182	184	363
Tritace®	158	180	345
Multaq®	131	127	255
Lasix®	83	104	210
Targocid®	88	105	198
Orudis®	73	92	184
Cordarone®	72	82	163
Xatral®	51	69	130
Actonel®	52	72	134
Auvi-Q™	15	—	—
Other products	2,147	2,499	4,853
Consumer Health Care	1,540	1,543	3,008
Generics	723	907	1,844
Total: Pharmaceuticals	**13,522**	**14,827**	**28,871**

The table below shows net sales of the principal vaccine types sold by the Vaccines segment:

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Polio/Pertussis/Hib Vaccines	563	518	1,184
Influenza Vaccines	172	169	884
Meningitis/Pneumonia Vaccines	203	202	650
Adult Booster Vaccines	209	233	496
Travel and Endemics Vaccines	172	177	364
Other Vaccines	138	101	319
Total: Vaccines	**1,457**	**1,400**	**3,897**

The table below shows net sales of the principal products sold by the Animal Health segment:

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	December 31, 2012 (12 months)
Frontline® and other fipronil-based products	364	468	775
Vaccines	361	345	730
Avermectin	245	221	423
Other Animal Health products	113	120	251
Total: Animal Health	**1,083**	**1,154**	**2,179**

B.18.5. Split of sales

The three largest customers accounted for approximately 7.1%, 5.8% and 4.7% respectively of the Group's gross sales in the first half of 2013.

2 HALF-YEAR MANAGEMENT REPORT

A/ Significant events of the first half of 2013

A.1. PHARMACEUTICALS

A.1.1. Acquisitions and alliances

Developments in acquisitions and alliances during the first half of 2013 were as follows:

- On January 7, 2013, Sanofi announced completion of the acquisition by Chattem of the worldwide rights to the **Rolaids®** brand from the McNeil Consumer Healthcare Division of McNEIL-PPC, Inc. Rolaids® is an over-the-counter antacid that helps relieve heartburn and acid reflux.
- On March 20, 2013, the acquisition of **Genfar S.A.** (Genfar), originally announced in October 2012, was completed. Genfar is a Colombian pharmaceutical company, and is a significant player in its home market and other Latin American countries. As a result of this acquisition, Sanofi is now the market leader in Colombia in both pharmaceuticals and generics. See Note B.1. to the condensed half-year consolidated financial statements.
- On March 25, 2013, Sanofi and **Transgene SA** (Transgene) announced the signature of a collaboration agreement to create a new state-of-the-art platform dedicated to the production of immunotherapy products, and in particular Transgene's therapeutic products. The platform will be built on the Genzyme Polyclonals site at Lyon (France), and involves an investment of €10 million, to be financed 50/50 by Sanofi and Transgene; it will remain the exclusive property of Sanofi. Sanofi and Genzyme will act as Transgene's Contract Manufacturing Organization (CMO), manufacturing clinical and commercial batches of active ingredients for Transgene immunotherapy products including its MVA (*Modified Vaccinia Ankara*) therapeutic vaccines. Transgene will be a preferred customer of the commercial manufacturing platform for 15 years.

A.1.2. Filings for marketing authorization for new products

- In January 2013, the FDA accepted for standard review the supplemental Biologics License Application (sBLA) seeking approval of **Lemtrada™**[(1)] (alemtuzumab) for the treatment of relapsing multiple sclerosis. The FDA's response is expected in the fourth quarter of 2013.

  Genzyme holds the worldwide rights to alemtuzumab and has primary responsibility for its development and commercialization in multiple sclerosis. In 2012, Bayer exercised an option to co-promote alemtuzumab in multiple sclerosis. We cannot predict the impact that co-promotion would have on the Company's ability to achieve the Lemtrada™ product sales milestones, if any. Following regulatory approval and commercialization, Bayer would be entitled to receive contingent payments based on sales.

(1) Lemtrada™ is the trademark submitted to the heathcare authorities for alemtuzumab.

- On January 29, 2013, the FDA approved the New Drug Application (NDA) for **Kynamro™** (mipomersen sodium, in partnership with Isis Pharmaceuticals, Inc.) in the treatment of homozygous familial hypercholesterolemia. FDA approval triggered a U.S.$25 million milestone payment by Genzyme to Isis Pharmaceuticals, Inc.

- On February 1, 2013, the European Commission granted marketing authorization in the European Union for **Lyxumia®** (lixisenatide). Lyxumia®, the first once-daily prandial GLP-1 receptor agonist, is indicated for the treatment of adults with type 2 diabetes to achieve blood sugar control in combination with oral glucose-lowering medicinal products and/or basal insulin when these, together with diet and exercise, do not provide adequate blood sugar control.

- On February 1, 2013, the European Commission granted marketing authorization in the European Union for **Zaltrap®** (aflibercept), in combination with the FOLFIRI (irinotecan/5-fluorouracil/folinic acid) regimen, for the treatment of adults with metastatic colorectal cancer that is resistant to or has progressed after an oxaliplatin-containing regimen.

The following opinions and recommendations were obtained from regulatory authorities during the first half of 2013:

- On March 21, 2013, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive opinion regarding the approval of once-daily oral **Aubagio®** (teriflunomide) for the treatment of adults with relapsing-remitting multiple sclerosis (MS). The CHMP also recommended, in June 2013, the designation of Aubagio® as a new active substance.

- In March 2013, in response to a re-examination request by Genzyme, the CHMP of the EMA confirmed its previous stance and reiterated its negative opinion on the marketing authorization application for **Kynamro™** (mipomersen sodium, in partnership with Isis Pharmaceuticals, Inc.) in the treatment of homozygous familial hypercholesterolemia

- On June 28, 2013, the CHMP of the EMA issued a positive opinion regarding the approval of **Lemtrada™** (alemtuzumab) for the treatment of adult patients with relapsing remitting multiple sclerosis with active disease defined by clinical or imaging features.

- At the end of June 2013, the Japanese Ministry of Health, Labor and Welfare approved the manufacturing and distribution of **Lyxumia®** (lixisenatide) for the treatment of type 2 diabetes in combination with basal insulin, in cases where diet and exercise in combination with hypoglycemic sulfonylureas or soluble insulin do not provide sufficient blood sugar control.

A.1.3. Research and Development

The updated research and development (R&D) pipeline is outlined in the appendix in section G of this half-year management report.

During the first half of 2013, results were announced from the following clinical trials:

- In February 2013, Sanofi and Genzyme announced positive new results from two Phase III trials (ENGAGE and ENCORE) conducted on **eliglustat**, an investigational oral therapy for Gaucher disease type 1. Both studies met their primary efficacy endpoints, respectively an improvement in spleen size and stabilization of the disease.

- In March 2013, Sanofi and Regeneron announced the publication of positive data from two Phase Ib trails of **dupilumab**, an antibody targeting IL-4R alpha, in the treatment of atopic dermatitis. And in May 2013, positive results were released from a Phase IIa study of dupilumab in the treatment of patients with moderate-to-severe allergic asthma.

- In March 2013, interim results from the first year of the extension study for **Lemtrada™** (alemtuzumab) showed that relapse rates and sustained accumulation of disability remained low among patients who had previously received Lemtrada™ in either of the CARE-MS I or CARE-MS II Phase III studies. In these pivotal studies, Lemtrada™ was given as two annual courses, at the start of the study and 12 months later. More than 80% of patients did not receive further treatment with Lemtrada™ during the first year of the extension study.

- In April 2013, Sanofi and Genzyme announced positive topline results from the TOPIC trial, conducted on **Aubagio®** (teriflunomide). In this trial, patients who experienced initial neurological symptoms consistent with Clinically Isolated Syndrome (CIS) and who received Aubagio® 14 mg and 7 mg were significantly less likely to develop clinically defined multiple sclerosis, characterized defined as occurrence of a second clinical attack (the primary endpoint) as compared to placebo.

- In May 2013, Sanofi announced that the pivotal JAKARTA Phase III study examining the selective **JAK 2** inhibitor SAR302503 for myelofibrosis had met its primary endpoint (reduction of spleen volume) in both dose groups.

- In June 2013, Sanofi announced results from two Phase III studies of its investigational compounds iniparib and otamixaban.

  - The ECLIPSE randomized Phase III study, examining **iniparib** in squamous non-small cell lung cancer (Sq NSCLC), did not meet its primary endpoint. The topline results of a Phase II study of iniparib in platinum-resistant ovarian cancer did not support further development of iniparib in this patient population. Following these findings, Sanofi decided to terminate the internal investigational program for iniparib (see section “C.3.8. Impairment of intangible assets”).

  - Topline results from the TAO Phase III trial of the investigational anticoagulant **otamixaban**, an injectable factor Xa inhibitor, showed that the study did not meet its primary endpoint (reduction of all-cause mortality or new heart attacks) better than current therapy. In light of the results from the TAO study, Sanofi decided to terminate its investigational program with otamixaban. No intangible asset related to this project was ever identified.

- At the end of June 2013, Sanofi announced positive results from the EDITION Phase III study, examining the efficacy and safety profile of **U300**, a new investigational insulin, in diabetes patients. The results demonstrated equivalent blood sugar control with fewer night-time low blood sugar events compared to Lantus® (insulin glargine [rDNA origin] injection).

A.1.4. Capital expenditure

- In March 2013, Sanofi announced the official launch of a construction project for a new manufacturing facility at Ho Chi Minh City (Vietnam) to expand Sanofi's production capacity in pharmaceuticals and consumer health products for the Vietnamese and South-East Asian markets. The new facility, representing an investment of U.S.$75 million, is due to be operational in 2015.
- In June 2013, Sanofi announced the signature of a five-year agreement with GDF Suez, deepening the collaboration between the two groups that began in March 2012 to install energy production and distribution solutions at Sanofi's industrial sites, in order to reduce its global energy footprint. These projects represent a joint investment of €30 million in 2013, and the cumulative joint investment under the extended collaboration agreement could reach €80 million.

A.2. HUMAN VACCINES (Vaccines)

- On April 11, 2013, Sanofi Pasteur announced that the European authorities had accepted for review a decentralized marketing authorization application for a quadrivalent (four-strain) formulation of **Vaxigrip®**, an inactivated split-virion seasonal influenza vaccine produced at its facility in Val de Reuil, France. The file was accepted for review by France's *Agence nationale de sécurité du medicament et des produits de santé* (ANSM) as the regulatory agency for the "Reference Member State", and by national regulatory agencies from the European Union countries.
- On April 22, 2013, Sanofi Pasteur announced that the European Commission had approved the 6-in-1 pediatric vaccine **Hexyon™ / Hexacima®** for primary and booster vaccination of infants aged six weeks and over. Hexyon™/Hexacima® is the only 100% liquid ready-to-use 6-in-1 vaccine to protect infants against diphtheria, tetanus, pertussis, hepatitis B, poliomyelitis and invasive infections caused by *Haemophilus influenzae* type b. The new vaccine will be marketed under the Hexyon™ trademark by Sanofi Pasteur MSD in Western Europe, and under the Hexacima® trademark by Sanofi Pasteur in Eastern Europe.
- On April 24, 2013, Sanofi Pasteur announced its commitment to provide 1.7 billion doses of oral polio vaccine (OPV) through 2017 to support the polio vaccination program of the Global Polio Eradication Initiative (GPEI).
- On June 10, 2013, Sanofi Pasteur announced that the FDA had approved its supplemental Biologics License Application (sBLA) seeking marketing approval for its **Fluzone®** Quadrivalent vaccine, a formulation containing four strains of the influenza virus. Like Sanofi Pasteur's Fluzone®, which is administered to over 50 million people a year in the United States, Fluzone® Quadrivalent is authorized for administration to children aged over six months, adolescents and adults.

A.3. ANIMAL HEALTH

- In June 2013, Merial, Sanofi's Animal Health division, announced the approval and completion of its acquisition of the animal health division of the Indian company **Dosch Pharmaceuticals Private Limited**, which markets 86 animal health products and 50 specialties for ruminants, poultry and companion animals.

A.4. OTHER SIGNIFICANT EVENTS OF THE FIRST HALF OF 2013

A.4.1. Legal and arbitral proceedings

For a description of the most significant developments in legal and arbitral proceedings since publication of the financial statements for the year ended December 31, 2012, refer to Note B.14. to the condensed half-year consolidated financial statements.

The following events have occurred in respect of litigation, arbitration and other legal proceedings in which Sanofi and its affiliates are involved:

Patents

- CoAprovel® patent infringement actions in Europe

At the end of February 2013, in France, the *Tribunal de Grande instance* of Paris held the Supplemental Protection Certificate (SPC) and the patent invalid. Sanofi and BMS have appealed that decision. In May 2013, in France the Court of Appeals harmonized the First Instance contradictory decisions, denying preliminary injunctions to Sanofi.

Government investigations

- In France, in the claim concerning allegations brought by Teva Santé that Sanofi's communication and promotional practices inhibited the entry on the market of generics of clopidogrel (the active ingredient of Plavix®), the French Antitrust Authority issued its decision on May 14, 2013, imposing on Sanofi a fine of €40.6 million. Sanofi appealed that decision before the Paris Court of Appeals.

A.4.2. Other significant events

- On April 4, 2013, Sanofi announced the successful placing of a U.S.$1.5 billion bond offer maturing on April 10, 2018, and bearing interest at an annual rate of 1.25%. The offer was made pursuant to Sanofi's shelf registration statement filed with the U.S. Securities and Exchange Commission (SEC) on March 11, 2013. Sanofi used the net proceeds of the offering for general corporate purposes, including the repayment of existing borrowings.

- On May 2, 2013, Sanofi announced a new commercial organization, effective July 1, 2013, following the previously announced retirement of Mr. Hanspeter Spek, President, Global Operations and member of the Executive Committee. Two new units were created, Global Commercial Operations and Global Divisions & Strategic Commercial Development to replace the former Global Operations. Mr. Peter Guenter, previously Senior Vice-President, Europe, was appointed Executive Vice-President, Global Commercial Operations. Mrs. Pascale Witz joined Sanofi and was appointed Executive Vice-President, Global Divisions & Strategic Commercial Development. Both Mr. Peter Guenter and Mrs. Pascale Witz joined the Executive Committee with effect from July 1, 2013.

- On May 3, 2013, the Annual General Meeting of Sanofi shareholders was held in Paris (France). All the resolutions were adopted, including approval of the distribution of a cash dividend of €2.77 per share payable on May 14, 2013 and of the appointment of Mrs Fabienne Lecorvaisier as a Director. The Board of Directors appointed Mrs Fabienne Lecorvaisier a member of the Audit Committee.

B/ Events subsequent to the balance sheet date (June 30, 2013)

B.1. LEGAL AND ARBITRAL PROCEEDINGS

Patents

- Apotex settlement claim

With respect to the lawsuit filed in Florida by Apotex relating to the alleged breach of the parties' March 2006 proposed settlement agreement, the court ruled in favor of BMS in March 2013. In July 2013 Apotex discontinued the appeal of the summary judgment ruling of 2012 in favor of Sanofi.

- Plavix® Patent Litigation

Canada. In December 2011, Sanofi's Canadian Patent No. 1,336,777 (the '777 Patent) claiming clopidogrel bisulfate was invalidated by a Federal Court's decision, subsequently generic companies entered the market with generic clopidogrel products. In 2012, Sanofi filed an appeal with the Federal Court of Appeal. On 24 July, 2013, the Federal Court of Appeal issued its decision reversing the Federal Court's decision and upheld the validity of the '777 Patent. Apotex may seek leave to appeal this decision to the Supreme Court of Canada.

B.2. OTHER EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (JUNE 30, 2013)

- On July 31, 2013 Sanofi announced the appointment of two new members to the Executive Committee, effective September 1, 2013. Carsten Hellmann, previously Executive Vice President, Global Sales, Chr. Hansen Holding A/S, joins Sanofi and will take the position of Executive Vice President Merial, our Animal Health Division, following the decision of Jose Barella to leave the company to pursue other opportunities. David Meeker, MD, currently CEO Genzyme and member of the Global Leadership Team, will join the Executive Committee as Executive Vice President, Genzyme.

C/ Consolidated financial statements for the first half of 2013

C.1. CONSOLIDATED RESULTS OF OPERATIONS

Consolidated income statements for the six months to June 30, 2012 and 2013

(€ million)	June 30, 2013 (6 months)	as % of net sales	June 30, 2012[1] (6 months)	as % of net sales
Net sales	**16,062**	**100.0%**	**17,381**	**100.0%**
Other revenues	181	1.1%	673	3.9%
Cost of sales	(5,214)	(32.4%)	(5,350)	(30.8%)
Gross profit	**11,029**	**68.7%**	**12,704**	**73.1%**
Research & development expenses	(2,341)	(14.6%)	(2,407)	(13.8%)
Selling & general expenses	(4,438)	(27.6%)	(4,401)	(25.3%)
Other operating income	347		319	
Other operating expenses	(177)		(303)	
Amortization of intangible assets	(1,543)		(1,675)	
Impairment of intangible assets	(440)		(40)	
Fair value remeasurement of contingent consideration liabilities	(117)		(106)	
Restructuring costs	(159)		(250)	
Other gains and losses, and litigation	—		—	
Operating income	**2,161**	**13.5%**	**3,841**	**22.1%**
Financial expenses	(311)		(370)	
Financial income	34		45	
Income before tax and associates and joint ventures	**1,884**	**11.7%**	**3,516**	**20.2%**
Income tax expense	(356)		(855)	
Share of profit / (loss) of associates and joint ventures	4		404	
Net income	**1,532**	**9.5%**	**3,065**	**17.6%**
Attributable to non-controlling interests	84		103	
Net income attributable to equity holders of Sanofi	**1,448**	**9.0%**	**2,962**	**17.0%**
Average number of shares outstanding (million)	1,323.9		1,319.3	
Average number of shares outstanding after dilution (million)	1,340.5		1,327.9	
Basic earnings per share (in euros)	1.09		2.25	
Diluted earnings per share (in euros)	1.08		2.23	

(1) Includes the impact of applying the amended IAS 19.

C.2. SEGMENT INFORMATION

Operating segments

In accordance with IFRS 8 "Operating Segments", the segment information reported by Sanofi is prepared on the basis of internal management data provided to the Chief Executive Officer, who is the Group's chief operating decision maker. The performance of these segments is monitored individually using internal reports and common indicators.

The operating segment disclosures required under IFRS 8 are provided in Note B.18. to the condensed half-year consolidated financial statements. We have defined our operating segments as "Pharmaceuticals", "Human Vaccines" (Vaccines) and "Animal Health". Our other identified segments are categorized as "Other".

The Pharmaceuticals segment covers research, development, production and marketing of medicines, including activities acquired with Genzyme. Sanofi's pharmaceuticals portfolio consists of flagship products, plus a broad range of prescription medicines, generic medicines, and consumer health products. This segment also includes all associates and joint ventures whose activities are related to pharmaceuticals, in particular the entities majority owned by Bristol-Myers Squibb (BMS).

The Vaccines segment is wholly dedicated to vaccines, including research, development, production and marketing. This segment includes the Sanofi Pasteur MSD joint venture.

The Animal Health segment comprises the research, development, production and marketing activities of Merial, which offers a complete range of medicines and vaccines for a wide variety of animal species.

The "Other" segment consists of all activities that are not reportable segments as defined in IFRS 8. In particular, it includes the effects of retained commitments in respect of divested businesses.

Inter-segment transactions are not material.

Segment results

We report segment results on the basis of "Business Operating Income". This indicator, adopted in compliance with IFRS 8, is used internally to measure operational performance and to allocate resources. "Business Operating Income" is derived from ***Operating income***, adjusted as follows:

- the amounts reported in the line items ***Restructuring costs***, ***Fair value remeasurement of contingent consideration liabilities*** and ***Other gains and losses, and litigation*** are eliminated;
- amortization and impairment losses charged against intangible assets (other than software) are eliminated;
- the share of profits/losses of associates and joint ventures is added;
- the share attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily, the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates and joint ventures) are eliminated; and
- restructuring costs relating to associates and joint ventures are eliminated.

The following table (in accordance with IFRS 8) reconciles our "Business Operating Income" to our ***Income before tax and associates and joint ventures***:

(€ million)	June 30, 2013 (6 months)	June 30, 2012[4] (6 months)	December 31, 2012[4] (12 months)
Business operating income	**4,361**	**6,244**	**11,448**
Share of profit/(loss) of associates and joint ventures[1]	(21)	(419)	(424)
Net income attributable to non-controlling interests[2]	86	104	172
Amortization of intangible assets	(1,543)	(1,675)	(3,291)
Impairment of intangible assets	(440)	(40)	(117)
Fair value remeasurement of contingent consideration liabilities	(117)	(106)	(192)
Expenses arising from the impact of acquisitions on inventories[3]	(6)	(17)	(23)
Restructuring costs	(159)	(250)	(1,141)
Operating income	**2,161**	**3,841**	**6,432**
Financial expenses	(311)	(370)	(751)
Financial income	34	45	93
Income before tax and associates and joint ventures	**1,884**	**3,516**	**5,774**

(1) Excluding restructuring costs of associates and joint ventures and expenses arising from the impact of acquisitions on associates and joint ventures.
(2) Excluding the share of restructuring costs and other adjusting items attributable to non-controlling interests.
(3) This line comprises the workdown of inventories remeasured at fair value at the acquisition date.
(4) Includes the impact of applying the amended IAS 19.

Business net income

We believe that investors' understanding of our operational performance is enhanced by reporting "**business net income**[1]". This non-GAAP financial measure represents the aggregate business operating income of all of our operating segments, less net financial expenses and the relevant income tax effects.

Business net income for the first half of 2013 totaled €3,088 million (down 29.0% on the 2012 first-half figure of €4,350 million), and represented 19.2% of net sales (versus 25.1% for the first half of 2012).

We also report "business earnings per share", a specific non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding.

Business earnings per share for the first half of 2013 was €2.33, a decrease of 29.4% relative to the first-half figure of €3.30, based on an weighted average number of shares outstanding of 1,323.9 million for the first half of 2013 and 1,319.3 million for the first half of 2012.

(1) Refer to the appendix in section F for a definition.

The following table reconciles our business net income to ***Net income attributable to equity holders of Sanofi*** :

(€ million)		June 30, 2013 (6 months)	June 30, 2012[4] (6 months)	December 31, 2012[4] (12 months)
Business net income		**3,088**	**4,350**	**8,101**
(i)	Amortization of intangible assets	(1,543)	(1,675)	(3,291)
(ii)	Impairment of intangible assets	(440)	(40)	(117)
(iii)	Fair value remeasurement of contingent consideration liabilities	(117)	(106)	(192)
(iv)	Expenses arising from the impact of acquisitions on inventories[1]	(6)	(17)	(23)
(v)	Restructuring costs	(159)	(250)	(1,141)
(vi)	Other gains and losses, and litigation	—	—	—
(vii)	Tax effects on the items listed above, comprising :	749	714	1,580
	- amortization of intangible assets	*490*	*615*	*1,159*
	- impairment of intangible assets	*180*	*14*	*42*
	- fair value remeasurement of contingent consideration liabilities	*20*	*3*	*2*
	- expenses arising from the impact of acquisitions on inventories	*2*	*5*	*7*
	- restructuring costs	*57*	*77*	*370*
	- other gains and losses, and litigation	—	—	—
(iv) / (viii)	Other tax items[2]	(109)	—	—
(ix)	Share of items listed above attributable to non-controlling interests	2	1	3
(iv) / (v)	Restructuring costs and expenses arising from the impact of acquisitions on associates and joint ventures[3]	(17)	(15)	(31)
Net income attributable to equity holders of Sanofi		**1,448**	**2,962**	**4,889**

(1) This line comprises the workdown of inventories remeasured at fair value at the acquisition date.
(2) In 2013, this line item includes the tax on dividends distributed to Sanofi's shareholders.
(3) This line shows the portion of major restructuring costs incurred by associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures (workdown on acquired inventories, amortization and impairment of intangible assets, and impairment of goodwill).
(4) Includes the impact of applying the amended IAS 19.

The following table sets forth the calculation of our business net income for the first half of 2013, the first half of 2012 and the year ended December 31, 2012:

(€ million)	June 30, 2013 (6 months)	June 30, 2012[1] (6 months)	December 31, 2012[1] (12 months)
Business operating income	**4,361**	**6,244**	**11,448**
Financial income and expenses	(277)	(325)	(658)
Income tax expense	(996)	(1,569)	(2,689)
Business net income	**3,088**	**4,350**	**8,101**

(1) Includes the impact of applying the amended IAS 19.

The tables below provide an analysis of operating results for the Pharmaceuticals, Vaccines and Animal Health segments:

First half of 2013

(€ million)	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**13,522**	**1,457**	**1,083**	**—**	**16,062**
Other revenues	155	12	14	—	181
Cost of sales	(4,167)	(695)	(346)	—	(5,208)
Research and development expenses	(2,007)	(249)	(85)	—	(2,341)
Selling and general expenses	(3,796)	(299)	(343)	—	(4,438)
Other operating income and expenses	131	7	(2)	34	170
Share of profit/(loss) of associate and joint ventures	27	(4)	(2)	—	21
Net income attributable to non-controlling interests	(86)	—	—	—	(86)
Business operating income	**3,779**	**229**	**319**	**34**	**4,361**

First half of 2012[(1)]

(€ million)	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**14,827**	**1,400**	**1,154**	**—**	**17,381**
Other revenues	645	10	18	—	673
Cost of sales	(4,424)	(563)	(346)	—	(5,333)
Research and development expenses	(2,044)	(283)	(80)	—	(2,407)
Selling and general expenses	(3,755)	(287)	(358)	(1)	(4,401)
Other operating income and expenses	(1)	(2)	1	18	16
Share of profit/(loss) of associate and joint ventures	425	(6)	—	—	419
Net income attributable to non-controlling interests	(104)	—	—	—	(104)
Business operating income	**5,569**	**269**	**389**	**17**	**6,244**

(1) Includes the impact of applying the amended IAS 19.

Year ended December 31, 2012[(1)]

(€ million)	Pharmaceuticals	Vaccines	Animal Health	Other	Total
Net sales	**28,871**	**3,897**	**2,179**	**—**	**34,947**
Other revenues	933	44	33	—	1,010
Cost of sales	(8,745)	(1,629)	(701)	—	(11,075)
Research and development expenses	(4,203)	(538)	(164)	—	(4,905)
Selling and general expenses	(7,650)	(609)	(669)	(1)	(8,929)
Other operating income and expenses	134	(7)	3	18	148
Share of profit/(loss) of associate and joint ventures	432	(1)	(7)	—	424
Net income attributable to non-controlling interests	(171)	—	(1)	—	(172)
Business operating income	**9,601**	**1,157**	**673**	**17**	**11,448**

(1) Includes the impact of applying the amended IAS 19.

The following tables present our segment results for the first half of 2013, the first half of 2012 and the year ended December 31, 2012.

Pharmaceuticals segment first-half business operating income, 2013 and 2012

(€ million)	June 30, 2013	as % of net sales	June 30, 2012[1]	as % of net sales	Year-on-year change
Net sales	**13,522**	**100.0%**	**14,827**	**100.0%**	**-8.8%**
Other revenues	155	1.1%	645	4.3%	-76.0%
Cost of sales	(4,167)	(30.8%)	(4,424)	(29.8%)	-5.8%
Gross profit	**9,510**	**70.3%**	**11,048**	**74.5%**	**-13.9%**
Research and development expenses	(2,007)	(14.8%)	(2,044)	(13.8%)	-1.8%
Selling and general expenses	(3,796)	(28.1%)	(3,755)	(25.3%)	+1.1%
Other operating income and expenses	131		(1)		
Share of profit/(loss) of associate and joint ventures	27		425		
Net income attributable to non-controlling interests	(86)		(104)		
Business operating income	**3,779**	**27.9%**	**5,569**	**37.6%**	**-32.1%**

(1) Includes the impact of applying the amended IAS 19.

Vaccines segment first-half business operating income, 2013 and 2012

(€ million)	June 30 2013	as % of net sales	June 30 2012[1]	as % of net sales	Year-on-year change
Net sales	**1,457**	**100.0%**	**1,400**	**100.0%**	**+4.1%**
Other revenues	12	0.8%	10	0.7%	+20.0%
Cost of sales	(695)	(47.7%)	(563)	(40.2%)	+23.4%
Gross profit	**774**	**53.1%**	**847**	**60.5%**	**-8.6%**
Research and development expenses	(249)	(17.1%)	(283)	(20.2%)	-12.0%
Selling and general expenses	(299)	(20.5%)	(287)	(20.5%)	+4.2%
Other operating income and expenses	7		(2)		
Share of profit/(loss) of associate and joint ventures	(4)		(6)		
Net income attributable to non-controlling interests	—		—		
Business operating income	**229**	**15.7%**	**269**	**19.2%**	**-14.9%**

(1) Includes the impact of applying the amended IAS 19.

Animal Health segment first-half business operating income, 2013 and 2012

(€ million)	June 30, 2013	as % of net sales	June 30, 2012[1]	as % of net sales	Year-on-year change
Net sales	**1,083**	**100.0%**	**1,154**	**100.0%**	**-6.2%**
Other revenues	14	1.3%	18	1.6%	-22.2%
Cost of sales	(346)	(32.0%)	(346)	(30.0%)	0.0%
Gross profit	**751**	**69.3%**	**826**	**71.6%**	**-9.1%**
Research and development expenses	(85)	(7.8%)	(80)	(6.9%)	+6.3%
Selling and general expenses	(343)	(31.7%)	(358)	(31.0%)	-4.2%
Other operating income and expenses	(2)		1		
Share of profit/(loss) of associate and joint ventures	(2)		—		
Net income attributable to non-controlling interests	—		—		
Business operating income	**319**	**29.5%**	**389**	**33.7%**	**-18.0%**

(1) Includes the impact of applying the amended IAS 19.

C.3. ANALYSIS OF CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2013

C.3.1. Net sales

Consolidated net sales for the first half of 2013 were €16,062 million, 7.6% lower than in the first half of 2012. Exchange rate movements had an unfavorable effect of 3.0 points, mainly due to the depreciation of the yen, the U.S. dollar and the Venezuelan bolivar against the euro. At constant exchange rates[(1)], net sales fell by 4.6%.

Reconciliation of 2013 first-half reported net sales to net sales at constant exchange rates[(1)]

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change
Reported net sales	**16,062**	**17,381**	**-7.6%**
Effect of exchange rates	517		
Net sales at constant exchange rates	**16,579**	**17,381**	**-4.6%**

C.3.1.1. Net sales by business segment

Sanofi's net sales comprise the net sales of the Pharmaceuticals, Human Vaccines (Vaccines) and Animal Health businesses.

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Pharmaceuticals	13,522	14,827	-8.8%	-5.7%
Vaccines	1,457	1,400	+4.1%	+7.2%
Animal Health	1,083	1,154	-6.2%	-4.4%
Total	**16,062**	**17,381**	**-7.6%**	**-4.6%**

(1) Refer to the appendix in section F for a definition.

Pharmaceuticals segment

Net sales of the **Pharmaceuticals** segment for the first half of 2013 were €13,522 million, down 8.8% on a reported basis and 5.7% at constant exchange rates. This fall reflects competition from generics, the impact of austerity measures in Europe, and an adjustment to net sales of generics in Brazil. Excluding Brazil, Pharmaceuticals segment net sales fell by 4.1% at constant exchange rates.

(€ million)	Indications	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Lantus®	Diabetes	2,747	2,346	+17.1%	+19.4%
Apidra®	Diabetes	134	108	+24.1%	+27.8%
Amaryl®	Diabetes	193	213	-9.4%	-2.3%
Insuman®	Diabetes	65	65	0.0%	0.0%
Other products	Diabetes	24	15	+60.0%	+60.0%
Total: Diabetes		**3,163**	**2,747**	**+15.1%**	**+17.8%**
Taxotere®	Breast, lung, prostate, stomach, and head & neck cancer	222	309	-28.2%	-23.0%
Eloxatine®	Colorectal cancer	119	759	-84.3%	-84.2%
Jevtana®	Prostate cancer	106	119	-10.9%	-10.1%
Thymoglobulin®	Organ rejection	96	95	+1.1%	+3.2%
Mozobil®	Hematologic malignancies	51	45	+13.3%	+15.6%
Zaltrap®	Colorectal cancer	25	—	—	—
Other products		125	165	-22.4%	-24.2%
Total: Oncology		**744**	**1 492**	**-50,1%**	**-48,5%**
Cerezyme®	Gaucher disease	342	299	+14.4%	+17.4%
Myozyme® / Lumizyme®	Pompe disease	242	225	+7.6%	+9.8%
Fabrazyme®	Fabry disease	183	121	+51.2%	+56.2%
Aldurazyme®	Mucopolysaccharidosis	78	71	+9.9%	+12.7%
Other products		120	118	+1.7%	+6.8%
Sub-total: Rare diseases		**965**	**834**	**+15.7%**	**+19.1%**
Aubagio®	Multiple sclerosis	53	—	—	—
Sub-total: Multiple sclerosis		**53**	**—**	**—**	**—**
Total: Genzyme		**1,018**	**834**	**+22.1%**	**+25.5%**
Plavix®	Atherothrombosis	943	1,058	-10.9%	-3.0%
Lovenox®	Thrombosis	864	1,015	-14.9%	-13.6%
Aprovel® / CoAprovel®	Hypertension	479	641	-25.3%	-24.3%
Renagel® / Renvela®	Hyperphosphatemia	346	312	+10.9%	+12.5%
Allegra®	Allergic rhinitis, urticaria	248	308	-19.5%	-6.8%
Stilnox® / Ambien® / Myslee®	Sleep disorders	193	254	-24.0%	-15.0%
Depakine®	Epilepsy	209	202	+3.5%	+5.9%
Synvisc® / Synvisc-One®	Arthrose	182	184	-1.1%	+0.5%
Tritace®	Hypertension	158	180	-12.2%	-10.0%
Multaq®	Atrial fibrillation	131	127	+3.1%	+4.7%
Lasix®	Edema, hypertension	83	104	-20.2%	-14.4%
Targocid®	Bacterial infections	88	105	-16.2%	-12.4%
Orudis®	Rheumatoid arthritis, osteoarthritis	73	92	-20.7%	-10.9%
Cordarone®	Arrhythmia	72	82	-12.2%	-4.9%
Xatral®	Benign prostatic hypertrophy	51	69	-26.1%	-24.6%
Actonel®	Osteoporosis, Paget's disease	52	72	-27.8%	-25.0%
Auvi-Q™	Severe allergies, anaphylaxis	15	—	—	—
Other product		2,147	2,499	-14.1%	-11.2%
Total: Other prescription products		**6,334**	**7,304**	**-13.3%**	**-9.4%**
Consumer Health Care		**1,540**	**1,543**	**-0.2%**	**+2.5%**
Generics		**723**	**907**	**-20.3%**	**-19.8%**
Total Pharmaceuticals		**13,522**	**14,827**	**-8.8%**	**-5.7%**

Diabetes division

Net sales for the **Diabetes** division reached €3,163 million, up 17.8% at constant exchange rates, driven by double-digit growth for Lantus® and Apidra®.

Lantus® saw net sales rise by 19.4% (at constant exchange rates) in the first half to €2,747 million, on strong growth in the United States (+23.8% at constant exchange rates) driven by Lantus® SoloSTAR®, which accounted for 57% of first-half sales, and by a solid performance in Emerging Markets(1) (+20.1% at constant exchange rates), especially in Eastern Europe (+20.7% at constant exchange rates), Africa/ Middle East (+44.7% at constant exchange rates) and China (+17.8% at constant exchange rates). In Western Europe, growth was again more modest (+4.7% at constant exchange rates).

Net sales of **Apidra®** reached €134 million in the first half, up 27.8% at constant exchange rates on the back of the performance of the United States (+56.3% at constant exchange rates, at €49 million).

Amaryl® posted a fall in net sales of 2.3% at constant exchange rates to €193 million, reflecting both competition from generics in Japan (-21.0% at constant exchange rates, at €42 million) but also a good performance in Emerging Markets (+10.8% at constant exchange rates, at €138 million).

Lyxumia®, approved in the European Union in February 2013, achieved net sales of €1 million in Germany during the first half of 2013.

Oncology business

The **Oncology** business generated net sales of €744 million, down 48.5% at constant exchange rates, mainly due to the effects of the expiration of Eloxatine® exclusivity in the United States.

Eloxatine® posted a sharp fall in first-half net sales of 84.2% at constant exchange rates to €119 million, triggered by competition from generics in the United States since August 2012.

Net sales of **Taxotere®** fell by 23.0% at constant exchange rates to €222 million. The product is facing competition from generics in Western Europe (-56.3% at constant exchange rates, at €14 million) and in the United States (-18.9% at constant exchange rates, at €30 million).

Jevtana® reported net sales of 106 million for the first half of 2013, down 10.1% at constant exchange rates, reflecting competitive pressure in the United States where sales were down 30.0% at constant exchange rates, at €42 million. In Western Europe, sales rose by 11.4% at constant exchange rates, to €49 million.

Sales of **Mozobil®** were up 15.6% at constant exchange rates, at €51 million.

Net sales of **Zaltrap®** came to €25 million, including €20 million in the United States (where the product was launched in the third quarter of 2012) and €4 million in Western Europe (where it was launched in Germany and the United Kingdom during the first half of 2013).

Net sales of other Oncology products were 24.2% lower at constant exchange rates, reflecting the discontinuation of sales of Campath® in the second half of 2012.

Jevtana®, Zaltrap® and **Mozobil®**, along with **Multaq®** and **Auvi-Q™(2)** (included in "Other Pharmaceutical Products", see below) constitute the "Other Innovative Products" growth platform, which in the first half of 2013 generated net sales of €328 million (up 14.1% at constant exchange rates).

(1) World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand.
(2) Sanofi U.S. licensed the North America commercialization rights to Auvi-Q™ marketing rights in North America under license from Intellijject, Inc.

Genzyme business

The **Genzyme** business consists of products used for the treatment of rare diseases, and of multiple sclerosis (Aubagio® and Lemtrada™). The business generated first-half net sales of €1,018 million, up 25.5% at constant exchange rates, reflecting a return to full supply capacity for Cerezyme® and Fabrazyme® plus an increase in the number of patients and the launch of Aubagio® in the United States.

Cerezyme® posted an increase in net sales of 17.4% at constant exchange rates to €342 million, driven by Emerging Markets (+45.2% at constant exchange rates, at €117 million) and the United States (+12.7% at constant exchange rates, at €88 million).

Net sales of **Myozyme® / Lumizyme®** were 9.8% higher at constant exchange rates, at €242 million, reflecting a surge in Emerging Markets (+34.6% at constant exchange rates, at €34 million) and growth in Western Europe (+8.0% at constant exchange rates, at €135 million).

Fabrazyme® saw strong growth in net sales of 56.2% at constant exchange rates, to €183 million. the product was boosted by a rebound in sales in the United States (+58.1% at constant exchange rates, at €97 million) and in Western Europe (+95.2% at constant exchange rates, at €41 million), due partly to the resumption of production at the Framingham plant in March 2012.

Aubagio®, launched in the United States in October 2012, recorded net U.S. sales of €53 million during the first half of 2013.

Other pharmaceutical products

Net sales of **Plavix®** were down 3.0% at constant exchange rates at €943 million, affected by reduced sales of the active ingredient to the entity majority owned by BMS in the United States (where the product lost its exclusivity on May 17, 2012). Plavix® is marketed by BMS in the United States and Puerto Rico under the terms of the alliance between Sanofi and BMS(1).

In Emerging Markets, net sales of Plavix® rose by 9.7% at constant exchange rates to €425 million, driven by China (+20.6% at constant exchange rates, at €223 million). In Japan, sales advanced by 11.7% at constant exchange rates, to €356 million. In Western Europe, sales fell year-on-year (-25.6% at constant exchange rates, at €134 million) due to competition from generics.

Net sales of **Lovenox®** fell by 13.6% at constant exchange rates in the first half of 2013 to €864 million on competition from generics in the United States, where sales of the branded product fell by 53.1% at constant exchange rates to €97 million (sales of the generic version of Lovenox®, launched by Sanofi in 2012, are recorded by the Generics business). Sales of Lovenox® generated outside the United States represent 89% of total worldwide net sales, and fell by 3.3% at constant exchange rates to €767 million.

Aprovel® / CoAprovel® reported a fall in net sales of 24.3% at constant exchange rates to €479 million, mainly due to competition from generics in Western Europe, where sales fell by 43.1% to €193 million. In Emerging Markets, net sales increased by 5.4% at constant exchange rates, to €211 million.

Net sales of **Renagel® / Renvela®** were 12.5% higher at constant exchange rates at €346 million, on the back of good performances in the United States (+12.7% at constant exchange rates, at €236 million) and Emerging Markets (+61.9% at constant exchange rates, at €32 million).

Allegra® saw a decline in prescription net sales of 6.8% at constant exchange rates to €248 million, reflecting competition from generics in Japan (-10.2% at constant exchange rates, at €183 million). Over-the-counter (non-prescription) sales of Allegra® in the United States and Japan are recorded by the Consumer Health Care business.

(1) See Note C.1 to the consolidated financial statements for the year ended December 31, 2012, on page F-36 of the Annual Report on Form 20-F; this document is available on *www.sanofi.com*.

Net sales of **Stilnox® / Ambien® / Myslee®** slipped by 15.0% at constant exchange rates to €193 million, reflecting competition from generics of Myslee® in Japan (-22.5% at constant exchange rates, at €96 million).

Synvisc®/Synvisc-One® posted net sales of €182 million, virtually unchanged at constant exchange rates (+0.5%).

Net sales of **Multaq®** rose by 4.7% at constant exchange rates to €131 million, of which €106 million was generated in the United States (+8.1% at constant exchange rates).

Auvi-Q™, an adrenalin auto-injector, achieved net sales of €15 million in the United States, where it was launched in January 2013.

Net sales of other prescription products are not discussed in this report.

Consumer Health Care

Net sales for the **Consumer Health Care** business rose by 2.5% at constant exchange rates in the first half to €1,540 million, driven by growth in Emerging Markets (+3.6% at constant exchange rates, at €720 million).

Net sales of Allegra® OTC were up 7.1% at constant exchange rates following the product's launch in Japan at the end of 2012. Doliprane®, Essentiale® and Enterogermina® all achieved double-digit growth in net sales (at constant exchange rates).

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Allegra®	164	156	+5.1%	+7.1%
Doliprane®	151	135	+11.9%	+12.6%
Essentiale®	108	91	+18.7%	+20.9%
Enterogermina®	68	65	+4.6%	+12.3%
No Spa®	54	55	-1.8%	0.0%
Lactacyd®	51	52	-1.9%	+1.9%
Dorflex®	46	47	-2.1%	+8.5%
Other products	898	942	-4.7%	-2.3%
Total Consumer Health Care	**1,540**	**1,543**	**-0.2%**	**+2.5%**

Generics

The **Generics** business posted first-half net sales of €723 million, down 19.8% at constant exchange rates, hit by a €122 million adjustment to net sales of generics products in Brazil.

During the second quarter, Sanofi determined that generic inventory levels in trade channels in Brazil were significantly and inappropriately in excess of volumes needed to satisfy sell out demand. Accordingly, an adjustment was recorded in the second quarter to reflect product returns, customer discounts and rebates. The net effect of this adjustment was to reduce net sales by €122 million. An additional provision of €79 million has also been recorded for the write-off of inventory and other related costs.

Excluding Brazil, Sanofi's Generics business grew by 8.2% at constant exchange rates in the first half of 2013. The business was boosted by organic sales growth in Western Europe (+26.3% at constant exchange rates, at €281 million), mainly in France where market penetration of generics increased. In the United States, net sales fell by 23.4% at constant exchange rates, reflecting lower sales of the generic versions of Aprovel® and Taxotere®.

2013 first-half Pharmaceuticals net sales by geographical region

(€ million)	Western Europe[1]	Change at constant exchange rates	United States	Change at constant exchange rates	Emerging markets[2]	Change at constant exchange rates	Rest of the World[3]	Change at Constant exchange rates
Lantus®	399	+4.7%	1,765	+23.8%	442	+20.1%	141	+12.9%
Apidra®	40	0.0%	49	+56.3%	30	+29.2%	15	+41.7%
Amaryl®	12	-25.0%	1	-50.0%	138	+10.8%	42	-21.5%
Insuman®	45	-6.3%	1	—	19	+17.6%	—	—
Other products	23	+76.9%	—	—	1	—	—	—
Total: Diabetes	**519**	**+4.2%**	**1,816**	**+24.3%**	**630**	**+18.4%**	**198**	**+3.7%**
Taxotere®	14	-56.3%	30	-18.9%	110	-23.8%	68	-11.8%
Eloxatine®	3	-66.7%	15	-97.5%	65	-18.5%	36	0.0%
Jevtana®	49	+11.4%	42	-30.0%	14	-6.7%	1	—
Thymoglobulin®	15	-6.3%	50	+6.3%	24	+4.2%	7	0.0%
Mozobil®	16	+6.7%	28	+7.7%	5	+66.7%	2	+200.0%
Zaltrap®	4	—	20	—	1	—	—	—
Other products	28	-33.3%	72	-22.1%	15	-6.3%	10	-8.3%
Total: Oncology	**129**	**-18.4%**	**257**	**-71.0%**	**234**	**-16.8%**	**124**	**-5.4%**
Cerezyme®	113	+6.6%	88	+12.7%	117	+45.2%	24	-10.0%
Myozyme® / Lumizyme®	135	+8.0%	60	+5.2%	34	+34.6%	13	0.0%
Fabrazyme®	41	+95.2%	97	+58.1%	24	+38.9%	21	+25.0%
Aldurazyme®	30	+3.4%	14	+7.7%	27	+35.0%	7	0.0%
Other products	20	+29.4%	50	+6.3%	18	0.0%	32	0.0%
Sub-total: Rare diseases	**339**	**+14.4%**	**309**	**+20.4%**	**220**	**+36.7%**	**97**	**+1.8%**
Aubagio®	—	—	53	—	—	—	—	—
Sub-total: Multiple sclerosis	**—**	**—**	**53**	**—**	**—**	**—**	**—**	**—**
Total: Genzyme	**339**	**+14.4%**	**362**	**+41.2%**	**220**	**+36.7%**	**97**	**+1.8%**
Plavix®	134	-25.6%	5*	-93.1%	425	+9.7%	379	+10.4%
Lovenox®	428	-3.4%	97	-53.1%	291	-3.5%	48	-2.0%
Aprovel® / CoAprovel®	193	-43.1%	6*	-73.1%	211	+5.4%	69	-2.8%
Renagel® / Renvela®	68	+3.0%	236	+12.7%	32	+61.9%	10	-25.0%
Allegra®	6	-14.3%	—	-100.0%	60	+6.6%	182	-10.4%
Stilnox® / Ambien® / Myslee®	21	-12.5%	39	0.0%	34	0.0%	99	-22.7%
Depakine®	67	-4.2%	—	—	135	+12.2%	7	0.0%
Synvisc® / Synvisc-One®	12	+20.0%	145	-3.3%	15	+36.4%	10	0.0%
Tritace®	69	-13.8%	—	—	84	-6.5%	5	-14.3%
Multaq®	21	-8.7%	106	+8.1%	4	0.0%	—	—
Lasix®	37	-11.9%	1	-50.0%	25	-10.3%	20	-19.4%
Targocid®	43	-8.5%	—	—	39	-12.8%	6	-27.3%
Orudis®	13	-48.0%	—	—	58	+1.5%	2	+100.0%
Cordarone®	13	-13.3%	—	—	39	+5.3%	20	-13.8%
Xatral®	19	-24.0%	2	-83.3%	29	-3.3%	1	0.0%
Actonel®	11	-38.9%	—	—	25	-27.8%	16	-5.6%
Auvi-Q™	—	—	15	—	—	—	—	—
Other products	835	-17.5%	256	-12.2%	816	-2.1%	240	-8.7%
Total: Other prescription products	**1,990**	**-18.6%**	**908**	**-17.7%**	**2,322**	**+1.4%**	**1,114**	**-5.0%**
Consumer Health Care	361	+1.7%	328	-2.6%	720	+3.6%	131	+12.1%
Generics	281	+26.3%	107	-23.4%	320	-39.3%	15	+15.4%
Total Pharmaceuticals	**3,619**	**-8.9%**	**3,778**	**-9.7%**	**4,446**	**-0.8%**	**1,679**	**-2.5%**

(1) France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark.

(2) World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand.

(3) Japan, Canada, Australia and New-Zealand.

* Sales of active ingredient to the entity majority-owned by BMS in the United States.

Human Vaccines (Vaccines) segment

In the first half of 2013, net sales for the **Vaccines** segment were €1,457 million, up 7.2% at constant exchange rates and 4.1% on a reported basis.

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Polio/Pertussis/Hib Vaccines (*including Pentacel® and Pentaxim®*)	563	518	+8.7%	+14.1%
Influenza Vaccines (*including Vaxigrip® and Fluzone®*)	172	169	+1.8%	+3.0%
• *of which seasonal influenza vaccines*	*171*	*167*	*+2.4%*	*+3.6%*
• *of which pandemic influenza vaccines*	*1*	*2*	-50.0%	-50.0%
Meningitis/Pneumonia Vaccines (*including Menactra®*)	203	202	+0.5%	+2.5%
Adult Booster Vaccines (*including Adacel®*)	209	233	-10.3%	-9.0%
Travel and Other Endemics Vaccines	172	177	-2.8%	-0.6%
Other Vaccines	138	101	+36.6%	+39.6%
Total Vaccines	**1,457**	**1,400**	**+4.1%**	**+7.2%**

Net sales of **Polio/Pertussis/Hib vaccines** were up 14.1% at constant exchange rates at €563 million, reflecting a strong performance in Japan (€104 million, up 157.1% at constant exchange rates, thanks to the successful launch of Imovax®) and in Emerging Markets (€312 million, up 43.2% at constant exchange rates, driven by the success of Pentaxim®) but also lower sales in the United States (-40.0% at constant exchange rates, at €123 million) caused by restrictions on shipments of Pentacel®.

Influenza vaccines saw net sales rise by 3.0% at constant exchange rates, to €172 million. Most of these sales were generated in Emerging Markets (€147 million), and were associated with seasonal influenza in the southern hemisphere.

Net sales of **Meningitis/Pneumonia vaccines** reached €203 million, up 2.5% at constant exchange rates, propelled by Emerging Markets (+24.2% at constant exchange rates, at €76 million). Menactra® generated worldwide net sales of €167 million, up 2.4% at constant exchange rates.

Adult Booster vaccines reported a fall of 9.0% in net sales at constant exchange rates to €209 million, mainly reflecting lower sales of Adacel® in the United States (-8.4% at constant exchange rates, at €129 million) following a good performance in the first half of 2012.

Net sales of **Travel and Other Endemics vaccines** were virtually unchanged at €172 million (-0.6% at constant exchange rates), hit by a temporary suspension of production of Theracys®/Immucyst® and of BCG vaccines.

Sales generated by Sanofi Pasteur MSD, the joint venture with Merck & Co., Inc. in Europe (which are not consolidated by Sanofi), amounted to €334 million in the first half of 2013, up 0.6% on a reported basis. Sales of **Gardasil®**, a vaccine that prevents papillomavirus infections (a cause of cervical cancer) rose by 17.0% on a reported basis to €102 million.

2013 first-half Vaccines net sales by geographical region

(€ million)	Western Europe[1]	Change at constant exchange rates	United States	Change at constant exchange rates	Emerging Markets[2]	Change at constant exchange rates	Rest of the World[3]	Change at constant exchange rates
Polio/Pertussis/Hib Vaccines (*including Pentacel® and Pentaxim®*)	17	-34.6%	123	-40.0%	312	+43.2%	111	+114.5%
Influenza Vaccines (*including Vaxigrip® and Fluzone®*)	1	—	10	+66.7%	147	-1.3%	14	+15.4%
Meningitis/Pneumonia Vaccines (*including Menactra®*)	3	+50.0%	121	-8.8%	76	+24.2%	3	+50.0%
Adult Booster Vaccines (*including Adacel®*)	39	+14.7%	142	-12.7%	21	-4.5%	7	-36.4%
Travel and Other Endemics Vaccines	8	-33.3%	40	-22.6%	97	+10.0%	27	+27.3%
Other vaccines	—	—	128	+63.3%	6	-11.1%	4	-50.0%
Total Vaccines	**68**	**-13.9%**	**564**	**-11.5%**	**659**	**+20.8%**	**166**	**+61.0%**

(1) France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark.
(2) World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand.
(3) Japan, Canada, Australia and New-Zealand.

Animal Health segment

Net sales for the **Animal Health** business for the first half of 2013 were €1,083 million, down 4.4% at constant exchange rates (or 6.2% on a reported basis).

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Companion animals	697	784	-11.1%	-9.6%
Production animals	386	370	+4.3%	+6.5%
Total Animal Health	**1,083**	**1,154**	**-6.2%**	**-4.4%**
Of which Frontline® and other fipronil products	*364*	*468*	*-22.2%*	*-20.5%*
Of which Vaccines	*361*	*345*	*+4.6%*	*+6.1%*
Of which avermectin products	*245*	*221*	*+10.9%*	*+12.7%*
Of which other products	*113*	*120*	*-5.8%*	*-3.3%*

Net sales for the companion animals franchise fell by 9.6% at constant exchange rates to €697 million. Sales of the **Frontline®/fipronil** family of products (-20.5% at constant exchange rates, at €364 million) were affected by increased competition and unfavorable weather conditions.

Net sales for the production animals franchise rose by 6.5% at constant exchange rates to €386 million, boosted by stronger sales of avermectin products in the United States (+20.8% at constant exchange rates, at €149 million).

2013 first-half Animal Health net sales by geographical region

(€ million)	Western Europe[1]	Change at constant exchange rates	United States	Change at constant exchange rates	Emerging Markets[2]	Change at constant exchange rates	Rest of the World[3]	Change at constant exchange rates
Frontline® and other products	111	-18.8%	189	-27.1%	47	+14.0%	17	-20.0%
Vaccines	91	+3.4%	76	+8.5%	185	+6.8%	9	—
Avermectin products	28	-6.7%	149	+20.8%	28	+3.6%	40	+7.9%
Other animal health products	41	0.0%	41	-12.8%	23	+30.0%	8	-36.4%
Total Animal Health	**271**	**-8.4%**	**455**	**-8.9%**	**283**	**+9.4%**	**74**	**-7.1%**

(1) France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark.
(2) World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand.
(3) Japan, Canada, Australia and New-Zealand.

C.3.1.2. Net sales by geographical region

(€ million)	June 30, 2013 (6 months)	June 30, 2012 (6 months)	Change on a reported basis	Change at constant exchange rates
Emerging Markets[1]	5,388	5,447	-1.1%	+1.9%
of which Eastern Europe and Turkey	*1,319*	*1,327*	*-0.6%*	*+0.6%*
of which Asia (excl. Pacific region)	*1,525*	*1,381*	*+10.4%*	*+10.7%*
of which Latin America	*1,411*	*1,675*	*-15.8%*	*-9.5%*
of which Africa	*531*	*507*	*+4.7%*	*+9.9%*
of which Middle East	*538*	*494*	*+8.9%*	*+11.3%*
United States	4,797	5,395	-11.1%	-9.9%
Western Europe[2]	3,958	4,361	-9.2%	-9.0%
Rest of the World[3]	1,919	2,178	-11.9%	+0.8%
of which Japan	*1,284*	*1,529*	*-16.0%*	*+1.0%*
Total	**16,062**	**17,381**	**-7.6%**	**-4.6%**

(1) World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand.
(2) France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark.
(3) Japan, Canada, Australia and New-Zealand.

In Emerging Markets, net sales totaled €5,388 million, up 1.9% at constant exchange rates. Net sales were hit by a €122 million adjustment to net sales of generic products in Brazil. Excluding sales of generics in Brazil, net sales in Emerging Markets rose by 6.6% at constant exchange rates, driven by Diabetes (+18.4% at constant exchange rates, at €630 million), Vaccines (+20.8% at constant exchange rates, at €659 million) and Genzyme (+36.7% at constant exchange rates, at €220 million). In China, net sales reached €720 million, up 18.0% at constant exchange rates, reflecting strong performances by Plavix®, Lantus® and the Vaccines business. Sales in Russia were €443 million, a rise of 13.8% at constant exchange rates, boosted by the Consumer Health Care business and Lantus®. Net sales in Brazil fell by 30.3% to €505 million, dented by the adjustment to net sales of generics.

In the United States, net sales fell by 9.9% at constant exchange rates to €4,797 million. Negative factors included the loss of exclusivity for Eloxatine® in August 2012 (-97.5% at constant exchange rates), competition from generics of Lovenox® (-53.1% at constant exchange rates), and the impact of restrictions on shipments of Pentacel® on the Polio/Pertussis/Hib vaccines franchise (-40.0% at constant exchange rates). Positive factors included strong performances by the Genzyme business (+41.2% at constant exchange rates) and by Lantus® (+23.8% at constant exchange rates).

Western Europe saw net sales decline by 9.0% at constant exchange rates to €3,958 million, affected by competition from generics of Aprovel® (-43.1% at constant exchange rates) and Plavix® (-25.6% at constant exchange rates), and by austerity measures.

In the Rest of the World region, net sales were slightly higher (+0.8% at constant exchange rates) at €1,919 million. In Japan, net sales totaled €1,284 million (+1.0% at constant exchange rates). Positive factors included a strong performance by the Polio/Pertussis/Hib vaccines franchise (+157.1% at constant exchange rates, boosted by the successful launch of Imovax®) and robust sales of Plavix® (+11.6% at constant exchange rates). Negative factors included the impact of generics competition on sales of Allegra® (-10.0% at constant exchange rates) and Myslee® (-22.5% at constant exchange rates).

C.3.2. Other revenues

Other revenues, which mainly comprise royalty income under licensing agreements contracted in connection with ongoing operations, fell by 73.1% to €181 million (versus €673 million in the first half of 2012).

The year-on-year fall was mainly due to a sharp drop in license revenues under the worldwide alliance with BMS on Plavix® and Aprovel®, which came to €2 million in the first half of 2013, versus €445 million in the first half of 2012 (-99.6% on a reported basis), due to the loss of exclusivity in the United States for Aprovel® (on March 30, 2012) and Plavix® (on May 17, 2012).

A further contributory factor was a reduction in the royalties received from Amgen in connection with a worldwide license relating to Enbrel®, under the terms of which royalties on sales in the United States ceased contractually in February 2013.

C.3.3. Gross profit

Gross profit amounted to €11,029 million in the first half of 2013 (68.7% of net sales), compared with €12,704 million in the first half of 2012 (73.1% of net sales). This represents a year-on-year fall of 13.2%, equivalent to a contraction of 4.4 points in the gross margin ratio.

The gross margin ratio for the Pharmaceuticals segment slipped by 4.2 points to 70.3%. This reflected the decline in license revenues (3.2 points) and a deterioration in the ratio of cost of sales to net sales (1.0 point); this latter trend was due in particular to the unfavorable impact of generics and exchange rates, but also to the adjustment to net sales of generics in Brazil.

The gross margin ratio for the Vaccines segment fell by 7.4 points to 53.1%, due to an unfavorable product mix attributable partly to temporary restrictions on shipments of Pentacel®.

The gross margin ratio for the Animal Health segment was 2.3 points lower at 69.3%, in line with the drop in sales of fipronil products.

C.3.4. Research and development expenses

Research and development (R&D) expenses came to €2,341 million, versus €2,407 million in the first half of 2012, representing 14.6% of net sales, compared with 13.8% in the first half of 2012. Overall, R&D expenses fell by €66 million or 2.7% year-on-year.

In the Pharmaceuticals segment, R&D expenses fell by €37 million (1.8%), mainly due to favorable exchange rate effects.

R&D expenses for the Vaccines segment were €34 million (12.0%) lower year-on-year, largely due to the completion of enrolment of patients to clinical trials for the dengue vaccine.

In the Animal Health segment, R&D expenses were €5 million (6.3%) higher than in the first half of 2012.

C.3.5. Selling and general expenses

Selling and general expenses totaled €4,438 million, versus €4,401 million for the first half of 2012, a rise of €37 million or 0.8%. They represented 27.6% of net sales, against 25.3% in the first half of 2012.

The Pharmaceuticals business reported a rise of €41 million or 1.1%, reflecting increased spend on the Diabetes and Genzyme growth platforms in North America, but also favorable exchange rate effects.

In the Vaccines business, selling and general expenses rose by €12 million or 4.2%, reflecting higher promotional spend (especially in China and Japan), but also favorable exchange rate effects.

Selling and general expenses for the Animal Health business fell by €15 million or 4.2%, due to lower promotional spend and favorable exchange rate effects.

C.3.6. Other operating income and expenses

Other operating income for the first half of 2013 was €347 million (versus €319 million for the first half of 2012), while other operating expenses were €177 million (versus €303 million for the first half of 2012).

Overall, other operating income and expenses represented net income of €170 million in the first half of 2013, versus net income of €16 million in the first half of 2012. This €154 million increase was largely attributable to the sale to Covis Pharma of commercial rights to certain pharmaceutical products in the United States.

This line also includes a net operational foreign exchange loss of €56 million for the first half of 2013, compared with a net loss of €11 million for the first half of 2012.

C.3.7. Amortization of intangible assets

Amortization charged against intangible assets amounted to €1,543 million in the first half of 2013, versus €1,675 million in the first half of 2012. The year-on-year fall of €132 million was due mainly to a reduction in the amortization charged against intangible assets recognized on the acquisition of Aventis (€680 million in the first half of 2013, versus €770 million in the first half of 2012) as some products reached the end of their life cycles in the face of competition from generics.

C.3.8. Impairment of intangible assets

This line showed impairment losses of €440 million charged against intangible assets in the first half of 2013, compared with €40 million in the first half of 2012.

Impairment losses charged in the first half of 2013 mainly comprised the €384 million loss booked on the discontinuation of the R&D project for iniparib in non-small cell lung cancer and ovarian cancer.

In the first half of 2012, impairment losses related mainly to the discontinuation of various R&D projects in the Pharmaceuticals segment.

C.3.9. Fair value remeasurement of contingent consideration liabilities

Fair value remeasurements of contingent consideration liabilities recognized in accordance with the revised IFRS 3 represented an expense of €117 million in the first half of 2013, versus €106 million in the first half of 2012. This expense relates primarily to the contingent value rights (CVRs) issued in connection with the Genzyme acquisition, to contingent consideration payable to Bayer as a result of a transaction completed by Genzyme before it was acquired by Sanofi, and to contingent purchase consideration on the acquisition of TargeGen (see Note B.11. to the condensed half-year consolidated financial statements).

C.3.10. Restructuring costs

Restructuring costs amounted to €159 million in the first half of 2013, compared with €250 million in the first half of 2012, and mainly comprise employee-related costs arising from plans to adjust headcount in France and Europe.

In the first half of 2012, these costs essentially comprised impairment losses against property, plant and equipment attached to R&D sites, and employee-related costs incurred under plans to adjust headcount in industrial functions in Europe.

C.3.11. Other gains and losses, and litigation

Nothing was recorded on this line in either the first half of 2013 or the first half of 2012.

C.3.12. Operating income

Operating income for the first half of 2013 was €2,161 million, compared with €3,841 million for the first half of 2012, a fall of 43.7%, reflecting the decrease in gross profit.

C.3.13. Financial income and expenses

Net financial expense for the period was €277 million, versus €325 million for the first half of 2012, a decrease of €48 million.

Financial expenses directly related to net debt (defined as short-term and long-term debt, plus related interest rate and currency derivatives, minus cash and cash equivalents) were €170 million, compared with €168 million in the first half of 2012. This year-on-year stability reflects both a fall in the average borrowing rate on a relatively stable level of average debt, and a reduction in financial income for the Group as a result of lower average rate of return on the placement of cash.

The reduction in net financial expense was mainly due to the effect of the unwinding of discount on provisions (€36 million, versus €44 million in the first half of 2012) and to a reduction in the net interest expense on defined-benefit pension plans (€79 million, versus €98 million in the first half of 2012).

C.3.14. Income before tax and associates and joint ventures

Income before tax and associates and joint ventures for the first half of 2013 totaled €1,884 million, compared with €3,516 million for the first half of 2012, a fall of 46.4%.

C.3.15. Income tax expense

Income tax expense totaled €356 million in the first half of 2013, versus €855 million a year earlier. The year-on-year reduction was mainly due to the lower level of income before tax and associates and joint ventures.

This item includes the tax effects of the amortization and impairment of intangible assets (€490 million and €180 million respectively in the first half of 2013, versus €615 million and €14 million respectively in the first half of 2012). Overall, this decreased the tax charge by €41 million year-on-year.

For the first half of 2013, this item also includes a new tax charge (of €109 million) on dividends distributed to Sanofi shareholders.

The difference relative to the standard corporate income tax rate applicable in France is explained in Note B.17. to the condensed half-year consolidated financial statements.

The effective tax rate[1] was 24.0%, versus 28.0% in the first half of 2012 and 25.5% for 2012 as a whole. This decrease is attributable mainly to the geographical mix of profits from Group entities and to recent and ongoing procedures with the tax authorities in a number of countries which have or are expected to have a positive impact in 2013.

C.3.16. Share of profit/loss of associates and joint ventures

The share of profit/loss of associates and joint ventures for the first half of 2013 was €4 million, versus €404 million for the comparable period of 2012. This line mainly includes Sanofi's share of after-tax profits from territories managed by BMS under the Plavix® and Avapro® alliance, which fell by 96.4% to €15 million (versus €417 million in the first half of 2012). The substantial drop in this profit share was mainly attributable to lower sales of Plavix® in the United States due to loss of exclusivity and competition from generics.

C.3.17. Net income

Net income for the first half of 2013 was €1,532 million, versus €3,065 million for the first half of 2012.

C.3.18. Net income attributable to non-controlling interests

Net income attributable to non-controlling interests for the first half of 2013 amounted to €84 million, against €103 million for the first half of 2012. This line mainly comprises the share of pre-tax profits paid to BMS from territories managed by Sanofi (€77 million, versus €92 million in the first half of 2012); the year-on-year fall was directly related to competition from generics of clopidogrel (the active ingredient of Plavix®) and of irbesartan (the active ingredient of Aprovel®) in Europe.

C.3.19. Net income attributable to equity holders of Sanofi

Net income attributable to equity holders of Sanofi amounted to €1,448 million in the first half of 2013, compared with €2,962 million in the first half of 2012.

Basic earnings per share (EPS) came to €1.09, 48.4% lower than the 2012 first-half figure of €2.25, based on an average number of shares outstanding of 1,323.9 million in the first half of 2013 and 1,319.3 million in the first half of 2012. Diluted EPS was €1.08, versus €2.23 for the first half of 2012, based on a number of shares after dilution of 1,340.5 million in the first half of 2013 and 1,327.9 million in the first half of 2012.

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[1] Calculated on the basis of business operating income minus net financial expenses, and before (i) the share of profit/loss of associates and joint ventures and (ii) net income attributable to non-controlling interests.

C.3.20. Business operating income

Business operating income (refer to section "C.2. Segment information" for a definition) amounted to €4,361 million in the first half of 2013, compared with €6,244 million in the first half of 2012. The year-on-year fall of 30.2% was mainly due to the sharp drop in revenues under the BMS alliance, and to the lower level of consolidated net sales. Business operating income represented 27.2% of net sales, versus 35.9% in the first half of 2012.

The table below shows trends in business operating income by business segment for the first half of 2013 and the first half of 2012:

(€ million)	June 30, 2013	June 30, 2012
Pharmaceuticals	3,779	5,569
Vaccines	229	269
Animal Health	319	389
Other	34	17
Business operating income	**4,361**	**6,244**

C.3.21. Business net income[1]

Business net income amounted to €3,088 million in the first half of 2013 versus €4,350 million in the first half of 2012, a drop of 29.0%. It represented 19.2% of net sales, compared with 25.0% in the first half of 2012. This fall reflects the decrease in both operating income and the share of profits from territories managed by BMS; it is partly offset by the reduction in income tax expense.

Business EPS for the first half of 2013 was €2.33, versus €3.30 for the first half of 2012 (down 29.4%), based on an average number of shares outstanding of 1,323.9 million in the first half of 2013 versus 1,319.3 million in the first half of 2012.

(1) Refer to the appendix in section F for a definition.

C.4. CONSOLIDATED STATEMENT OF CASH FLOWS

Condensed consolidated statement of cash flows

(€ million)	June 30, 2013	June 30, 2012
Net cash provided by / (used in) operating activities	2,025	4,327
Net cash provided by / (used in) investing activities	(655)	(891)
Net cash provided by / (used in) financing activities	(3,525)	(3,271)
Impact of exchange rates on cash and cash equivalents	(45)	18
Net change in cash and cash equivalents – (decrease) / increase	**(2,200)**	**183**

Net cash provided by operating activities came to €2,025 million in the first half of 2013, against €4,327 million in the first half of 2012.

Operating cash flow before changes in working capital for the first half of 2013 was €2,920 million, versus €5,096 million in the first half of 2012, reflecting the lower level of consolidated first-half profits (attributable partly to the drop in revenues from the BMS alliance). Working capital requirements rose by €895 million during the first half of 2013, compared with a rise of €769 million a year earlier; the deterioration was mainly due to an increase in accounts receivable (which had decreased in the first half of 2012 following a fall in royalties payable by BMS on sales of clopidogrel in the United States).

Net cash used in investing activities totaled €655 million in the first half of 2013, compared with €891 million in the first half of 2012.

Acquisitions of property, plant and equipment and intangible assets amounted to €728 million (versus €786 million in the first half of 2012); the main items were investments in industrial and research facilities (€548 million), together with contractual payments for intangible rights under license and collaboration agreements (€142 million), including the acquisition of the worldwide rights to the Rolaids® brand.

Acquisitions of investments in the period amounted to €273 million, net of cash acquired and after including assumed liabilities and commitments; the main items were the acquisitions of Genfar and Dosch, and payments of contingent consideration relating to the acquisition of Genzyme. In the first half of 2012, acquisitions of investments totaled €179 million, net of cash acquired and after including assumed liabilities and commitments; the main items were the acquisitions of Pluromed and Newport, and payments of contingent consideration relating to the acquisition of Genzyme.

After-tax proceeds from disposals amounted to €308 million in the first half of 2013, and arose mainly on the sale to Covis Pharma of commercial rights to five pharmaceutical products in the United States and disposals of property, plant and equipment in the United States and France. In the first half of 2012, after-tax proceeds from disposals represented €71 million, mainly on the divestment of trademarks (€35 million, primarily in the United States and France) and of financial assets in the United States (€13 million).

Net cash used in financing activities amounted to €3,525 million in the first half of 2013, compared with €3,271 million in the first half of 2012. The 2013 first-half figure includes net external funding raised (net change in short-term and long-term debt) of €272 million (compared with €625 million in the first half of 2012), the Sanofi dividend payout of €3,638 million (versus €3,487 million in the first half of 2012), and the acquisition of 11.4 million treasury shares for €892 million.

The **net change in cash and cash equivalents** in the first half of 2013 was a decrease of €2,200 million, compared with an increase of €183 million in the first half of 2012.

C.5. CONSOLIDATED BALANCE SHEET

Total assets were €96,987 million at June 30, 2013, versus €100,409 million at December 31, 2012 (including the impact of applying the amended IAS 19), a reduction of €3,422 million.

Debt, net of cash and cash equivalents as of June 30, 2013 was €10,172 million, compared with €7,719 million as of December 31, 2012. Sanofi defines "debt, net of cash and cash equivalents" as (i) the sum total of short-term debt, long-term debt and interest rate and currency derivatives used to hedge debt, minus (ii) the sum total of cash and cash equivalents and interest rate and currency derivatives used to hedge cash and cash equivalents.

The gearing ratio (a non-GAAP financial measure that we define as the ratio of debt, net of cash and cash equivalents, to total equity) rose from 13.4% at December 31, 2012 to 18.1% at June 30, 2013. Analyses of debt at June 30, 2013 and December 31, 2012, by type, maturity, interest rate and currency, are provided in Note B.9. to the condensed half-year consolidated financial statements.

The Group considers that future cash flows generated by its operating activities will be sufficient to repay its debt.

The financing arrangements in place as of June 30, 2013 at the Sanofi parent company level are not subject to covenants regarding financial ratios and do not contain any clauses linking credit spreads or fees to Sanofi's credit rating.

Other key movements in the balance sheet are described below.

Total **equity** stood at €56,195 million as of June 30, 2013, versus €57,466 million as of December 31, 2012. This decrease mainly reflects the following factors:

- reductions: distributions to shareholders (Sanofi dividend payout for the 2012 financial year of €3,638 million);

- increases: comprehensive income for the first half of 2013 (€2,464 million).

As of June 30, 2013, Sanofi held 6.2 million of its own shares, representing 0.46% of the capital, and recorded as a deduction from equity.

Goodwill and **other intangible assets**, representing a combined value of €56,410 million, fell by €1,855 million, primarily as a result of the following factors:

- reductions: amortization and impairment charged during the period (€2,107 million).

- increases: the impact of the Genfar and Dosch acquisitions (€141 million of goodwill, and €60 million of other intangible assets), and acquisitions of other intangible assets (€181 million).

Provisions and other non-current liabilities (€9,565 million) decreased by €1,478 million, mainly due to a net reduction of €1,086 million in provisions for pensions and other long-term employee benefits as a result of movements in actuarial gains and losses on defined-benefit plans and contributions paid in the United States.

Net deferred tax liabilities (€1,214 million) were €339 million lower, mainly due to reversals of deferred tax liabilities on the remeasurement of acquired intangible assets (€670 million), partly offset by a decrease in deferred tax assets associated with the reduction in provisions for pensions and other long-term employee benefits.

Liabilities related to business combinations and to non-controlling interests (€1,456 million) rose by €6 million. Increases in this item during the period arose as a result of the fair value remeasurement of (i) contingent value rights (CVRs) issued in connection with the Genzyme acquisition, (ii) contingent consideration payable to Bayer in connection with a transaction completed by Genzyme before it was acquired by Sanofi, and (iii) contingent consideration payable in connection with the acquisition of TargeGen. These increases were largely offset by the reversal of the contingent consideration payable on the BiPar acquisition (see Note B.11 to the condensed half-year consolidated financial statements).

D/ Principal risk factors and uncertainties

The risk factors to which Sanofi is exposed are described in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission on March 7, 2013. The nature of these risks has not significantly changed over the first half of 2013. These risks may materialize during the second half of 2013 or during subsequent periods.

E/ Outlook

We anticipate our 2013 full-year business earnings per share[(1)] will be 7% to 10% lower than 2012 at constant exchange rates, barring major unforeseen events.

Business net income[(1)] for the full year ended December 31, 2012 amounted to €8,101 million (including the impact of retrospective application of the amended IAS 19), giving business earnings per share of €6.14.

This guidance has been prepared using accounting methods consistent with those used in the preparation of our historical financial information. It draws upon assumptions defined by Sanofi and its subsidiaries, in particular regarding the following factors:

- trends in exchange rates and interest rates;
- growth in the national markets in which we operate;
- healthcare reimbursement policies, pricing reforms, and other governmental measures affecting the pharmaceutical industry;
- developments in the competitive environment, in terms of innovative products and the introduction of generics;
- respect by others for our intellectual property rights;
- progress on our research and development programs;
- the impact of our operating cost control policy, and trends in our operating costs;
- the average number of shares outstanding.

Some of the information, assumptions and estimates concerned are derived from or based, in whole or in part, on judgments and decisions made by Sanofi management that may be liable to change or adjustment in future.

(1) Refer to the appendix in section F for a definition.

Forward-Looking Statements

This document contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates," "plans" and similar expressions. Although Sanofi's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Sanofi, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labeling and other matters that could affect the availability or commercial potential of such product candidates, the absence of guarantee that the product candidates if approved will be commercially successful, the future approval and commercial success of therapeutic alternatives, the Group's ability to benefit from external growth opportunities, trends in exchange rates and prevailing interest rates, the impact of cost containment policies and subsequent changes thereto, the average number of shares outstanding as well as those discussed or identified in the public filings with the Securities and Exchange Commission (SEC) and the *Autorité des marchés financiers* (AMF) made by Sanofi, including those listed under "Risk Factors"[(1)] and "Cautionary Statement Regarding Forward-Looking Statements" in Sanofi's annual report on Form 20-F for the year ended December 31, 2012. For an update on litigation, refer to Note B.14. "Legal and arbitral proceedings" to our condensed half-year consolidated financial statements for the six months ended June 30, 2013 and section "D. Principal risk factors and uncertainties" on page 66 of the half-year management report.

Other than as required by applicable law, Sanofi does not undertake any obligation to update or revise any forward-looking information or statements.

(1) Refer to pages 4 to 19 of our Annual Report on Form 20-F for the year ended December 31, 2012, which is available on our website: *www.sanofi.com*.

F/ Appendix – Definition of financial indicators

F.1. NET SALES ON A CONSTANT STRUCTURE BASIS AND AT CONSTANT EXCHANGE RATES

F.1.1. Net sales at constant exchange rates

When we refer to changes in our net sales "at constant exchange rates", we exclude the effect of exchange rates by recalculating net sales for the relevant period using the exchange rates that were used for the previous period.

Reconciliation of 2013 first-half reported net sales to net sales at constant exchange rates

(€ million)	June 30, 2013
Reported net sales for the first half of 2013	**16,062**
Effect of exchange rates	517
Net sales at constant exchange rates for the first half of 2013	**16,579**

F.1.2. Net sales on a constant structure basis

When we refer to changes in our net sales "on a constant structure basis", we eliminate the effect of changes in structure by restating the net sales for the previous period as follows:

- by including sales generated by entities or product rights acquired in the current period for a portion of the previous period equal to the portion of the current period during which we owned them, based on sales information we receive from the party from whom we make the acquisition;
- similarly, by excluding sales for a portion of the previous period when we have sold an entity or rights to a product in the current period;
- for a change in consolidation method, by recalculating the previous period on the basis of the method used for the current period.

F.2. BUSINESS NET INCOME

We report segment results on the basis of "Business Operating Income". This indicator, adopted in compliance with IFRS 8, is used internally to measure operational performance and to allocate resources. "Business Operating Income" is derived from ***Operating income***, adjusted as follows:

- the amounts reported in the line items ***Restructuring costs***, ***Fair value remeasurement of contingent consideration liabilities*** and ***Other gains and losses, and litigation*** are eliminated;
- amortization and impairment losses charged against intangible assets (other than software) are eliminated;
- the share of profits/losses of associates and joint ventures is added;
- the share attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily, the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates and joint ventures) are eliminated; and
- restructuring costs relating to associates and joint ventures are eliminated.

"Business net income" is defined as ***Net income attributable to equity holders of Sanofi***, determined under IFRS, excluding (i) amortization of intangible assets; (ii) impairment of intangible assets; (iii) fair value remeasurement of contingent consideration liabilities; (iv) other impacts associated with acquisitions (including impacts of acquisitions on associates and joint ventures); (v) restructuring costs (including restructuring costs relating to associates and joint ventures), (vi) other gains and losses, and litigation; (vii) the tax effect related to the items listed above; as well as (viii) the effects of major tax disputes and the tax on dividends distributed to Sanofi shareholders; and (ix) the share of non-controlling interests in items (i) through (viii). Items (i), (ii), (iii), (v) and (vi) correspond to those reported in the income statement line items ***Amortization of intangible assets***, ***Impairment of intangible assets***, ***Fair value remeasurement of contingent consideration liabilities***, ***Restructuring costs*** and ***Other gains and losses, and litigation***.

We also report "business earnings per share" ("business EPS"), a non-GAAP financial measure that we define as business net income divided by the weighted average number of shares outstanding.

G/ Appendix – Research & development pipeline

Registration

N **Aubagio® (teriflunomide)** Relapsing forms of Multiple sclerosis (RMS) Monotherapy, EU	N **Lyxumia® (lixisenatide)** GLP-1 agonist Type 2 diabetes, U.S.
Lemtrada™ (alemtuzumab) Anti-CD52 mAb Multiple sclerosis, EU, U.S.	**VaxiGrip® QIV IM** Quadrivalent inactivated influenza vaccine

Phase III

N **eliglustat tartrate** Glucosylceramide synthetase inhibitor Gaucher disease	**U300** Insulin glargine Type 1+2 diabetes	**Quadracel®** Diphtheria, tetanus, pertussis & polio vaccine; 4-6 y of age
N **fedratinib** JAK-2 inhibitor Myelofibrosis (1L)	**Kynamro™ (mipomersen)** Apolipoprotein B-100 antisense Severe HeFH, U.S.	**Dengue** Mild-to-severe dengue fever vaccine
Jevtana® (cabazitaxel) Metastatic prostate cancer (1L)	N **alirocumab** Anti-PCSK-9 mAb Hypercholesterolemia	**DTP-HepB-Polio-Hib (PR5I)** Pediatric hexavalent vaccine
SYNVISC-ONE® Medical device Pain in hip OA	N **sarilumab** Anti-IL-6R mAb Rheumatoid arthritis	**Fluzone® QIV ID** Quadrivalent inactivated influenza vaccine intradermal
MACI® Cell-based treatment Femoral chondyle cartilage defects, U.S.	N **SAR399063** DHA-GLP + vit D Pre-sarcopenia	**Clostridium difficile** Toxoid vaccine

Phase II

LixiLan lixisenatide+ insulin glargine Fixed-Ratio / Type 2 diabetes	N **FOV1101** FDC prednisolone/cyclosporine Allergic conjunctivitis	N **SAR279356** (F598) Anti-PNAG mAb Serious infections
N **SAR3419** Maytansin-loaded anti-CD19 mAb B-cell malignancies refractory/relapsed (NHL, ALL)	**sarilumab** Anti-IL-6R mAb Uveitis	N **ferroquine** Antimalarial Malaria
N **SAR256212** (MM121) anti-ErbB3 mAb Breast cancer (2L, 3L)	N **SAR292833** (GRC15300) TRPV3 antagonist Chronic disabling pain	N **SAR97276** Antimalarial Malaria
N **SAR245409** (XL765) Oral dual inhibitor of PI3K & mTOR Non-Hodgkin lymphoma	N **SAR110894** H3 antagonist Alzheimer's disease	N **fresolimumab** TGFβ antagonist Focal segmental glomerulosclerosis
fedratinib JAK-2 inhibitor Polycythemia vera (2L) Ruxolitinib resistant/intolerant MF	N **SAR113945** IKK-β inhibitor Osteoarthritis	N **dupilumab** Anti-IL4Rα mAb Asthma; Atopic dermatitis
Jevtana® (cabazitaxel) Small cell lung cancer (2L)	**Meninge ACYW conj.** 2nd generation meningococcal conjugate infant vaccine	N **SAR339658** VLA 2 antagonist Inflammatory bowel disease
N **GENZ438027** (ALN-TTR02) mRNA inhibitor Familial amyloid polyneuropathy	**Rabies VRVg** Purified vero rabies vaccine	N **SAR156597** IL4/IL13 Bi-specific mAb Idiopathic pulmonary fibrosis
	Rotavirus Live attenuated tetravalent Rotavirus oral vaccine	N **SAR100842** LPA-1/LPA-3 Systemic sclerosis

Phase I

N **SAR153192** Anti-DLL4 mAb Solid tumors	N **GZ404477** (AAV-hAADC) Gene therapy Parkinson's disease	N **GZ402665** (rhASM) Niemann-Pick type B
N **SAR405838** (MI-773) HDM2 / p53 antagonist Solid tumors	N **SAR391786** GDF8 mAb Sarcopenia	N **GZ402671** GCS Inhibitor Fabry Disease
N **SAR650984** Anti-CD38 naked mAb Hematological malignancies	N **SAR228810** Anti-protofibrillar AB mAb Alzheimer's disease	**Streptococcus pneumonia** Meningitis & pneumonia vaccine
N **SAR566658** Maytansin-loaded anti-CA6 mAb Solid tumors	N **SAR404460** DHA-GPL + Vit D Sarcopenia	**Pseudomonas aeruginosa** Antibody fragment product Prevention of ventilator-associated pneumonia
N **SAR307746** Anti-ANG2 mAb Solid tumors	**Insulin Biosimilar Program** Diabetes	**Tuberculosis** Recombinant subunit vaccine
N **SAR125844** C-MET kinase inhibitor Solid tumors	N **SAR252067** Anti-LIGHT mAb Crohn's disease	N **RetinoStat®** Gene therapy Wet age-related macular degeneration (AMD)
Combination SAR245409 / MSC1936369B Solid tumors	N **SAR113244** Anti-CXCRS mAb Systemic lupus erythematosus	N **StarGen®** Gene therapy Stargardt disease
N **SAR260301** PI3K β selective PTEN – Deficient tumors	N **SAR127963** P75 receptor antagonist Trauma brain injury	N **GZ402663** (sFLT-01) Gene therapy Age-related macular degeneration (AMD)
N **SAR245408** (XL147) Oral PI3K inhibitor Solid tumors	N **SAR126119** TAFIa inhibitor Acute ischemic stroke	N **UshStat®** Gene therapy Usher syndrome 1B
	N **SAR407899** Rho kinase inhibitor Pulmonary hypertension	N **SAR438151** *undisclosed target*

N: New Molecular Entity

- Oncology
- Diabetes Solutions
- Rare Diseases
- Biosurgery
- Cardiovascular Diseases
- Immune Mediated Diseases
- Infectious Diseases
- Vaccines
- Ophthalmology
- Age Related Degenerative Diseases

3 STATUTORY AUDITORS' REVIEW REPORT ON THE 2013 HALF-YEAR FINANCIAL INFORMATION

Period from January 1, 2013 to June 30, 2013

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your' annual general meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Sanofi, for the period from January 1, 2013 to June 30, 2013;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in Note A.1.2. to the condensed half year consolidated financial statements which describes the accounting impact of the adoption of the amended IAS 19 – Employee benefits, effective as of January 1, 2013.

2. Specific verification

We have also verified the information presented in the half-year management report in respect of the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, August 1, 2013,

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Xavier Cauchois	Nicolas Pfeuty

4 RESPONSIBILITY STATEMENT OF THE CERTIFYING OFFICER — HALF-YEAR FINANCIAL REPORT

"I hereby certify that, to the best of my knowledge, the condensed half-year consolidated financial statements have been prepared in accordance with the applicable accounting standards and present fairly the assets and liabilities, the financial position and the income of the Company and the entities included in the scope of consolidation, and that the half-year management report on page 36 provides an accurate overview of the significant events of the first six months of the financial year with their impact on the half-year consolidated financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year"

Paris, August 1, 2013

French original signed by

Christopher A. Viehbacher

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