



Alkermes plc

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Mr. Ciarán McLoughlin
Company Law (Auditing and Accounting Policy)
Department of Jobs, Enterprise and Innovation
23 Kildare Street
Dublin 2
Ciaran.McLoughlin@djei.ie

16 September 2016

Re: Invitation for submissions on review of time period in Section 279 of the Companies Act 2014

Dear Mr. McLoughlin,

On behalf of Alkermes plc (“Alkermes” or the “Company”), I welcome the opportunity to make a submission regarding the time period set out at Section 279 of the Companies Act 2014.

Alkermes is a global leader in innovative medicines that address the unmet needs and challenges of people living with debilitating diseases. The Company is headquartered in Dublin and has an extensive manufacturing and research and development facility in Athlone. We currently have over 370 staff in Ireland located between Dublin and Athlone.

In September 2011, the business of Alkermes, Inc., and the drug technology business of Elan Corporation, plc, (“EDT”) were merged under the Alkermes plc entity. EDT was part of the original Elan Corporation, plc. business founded in Athlone, Ireland in 1969. Alkermes, Inc. was a U.S. business engaged in a similar business to EDT. The companies were relatively equal in size at the time of merger and the merger was seen as an excellent commercial fit by Wall Street. Since the merger our combined market value has more than trebled.

Since the merger we have invested over 50m Euros in capital expenditure in the Athlone facility. This has helped us modernise and future-proof the facility. We are also expanding our R&D presence in Athlone. Of the 350 people in our site in Athlone we have 65 full time personnel involved in research and development and it is our current intention to continue this evolution to a high value and high competence workforce.

While being Irish is part of who we are, we raised our initial finance in the U.S. to facilitate the initial merger. In addition, Alkermes, Inc. was quoted on the NASDAQ while EDT was not quoted, and consequently the ALKS designation on the NASDAQ was maintained. The practical implication of this is that, as a NASDAQ-listed company, we are required to make our U.S. Securities and Exchange Commission (“SEC”) filings under U.S. GAAP.

We are now concerned that in the absence of the exemption contained in Section 279 (2) of the Companies Act 2014, in order to comply with Irish company law, affected companies would also be obligated to prepare financial statements under either International Financial Reporting Standards (“IFRS”) or Irish Generally Accepted Accounting Principles (“Irish GAAP”). Preparing two sets of consolidated financial statements would result in significant additional costs for the companies involved with no commercial or Exchequer benefit.



In addition to avoiding such unnecessary costs, we believe that a decision to extend the time period would help promote Ireland worldwide as a good place to do business, as well as aligning Ireland with other European countries where similar exemptions are in place. Currently, the SEC allows foreign private issuers to use IFRS, therefore permitting the use of U.S. GAAP in Ireland may be considered a reciprocal arrangement.

The attached submission sheds further light on these concerns, and supports the urgent need for a permanent or long-term extension to the time period provided for at Section 279 of the Companies Act 2014.

If you have any queries on this response please contact me at: 01-772-8000 or shane.cooke@alkermes.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Shane Cooke", written over a horizontal line.

Shane Cooke
Company President

Submission to the Department of Jobs, Enterprise and Innovation
On review of the time period provided for at Section 279 of the Companies Act 2014
On behalf of the Coalition for Irish International Companies

This submission, prepared on behalf of the Coalition for Irish International Companies (the Coalition), outlines the rationale for an extension to the time period provided for at Section 279 of the Companies Act 2014.

Proposal

The Coalition believes that there is need for a permanent or long-term extension of the temporary relief provided for at Section 279 of the Companies Act 2014 to allow adequate time for International Financial Reporting Standards (IFRS) to be accepted by the Securities and Exchange Commission (SEC) in the United States (U.S.) for all SEC registrants, or for Generally Accepted Accounting Principles (U.S. GAAP) and IFRS to converge. At the very least, the Coalition believes that there is a justified need to extend the exemption until 2030.

IFRS and U.S. GAAP Convergence

Currently, there are a number of significant Irish-incorporated SEC-registered companies which use modified U.S. GAAP for financial reporting requirements in lieu of IFRS or Irish GAAP in Ireland.

Although the SEC in the U.S. permits foreign registrants to use IFRS, it does not permit domestic registrants, such as the members of this Coalition, to file their financial statements using IFRS. In the absence of the Section 279 exemption, these companies would be required to compile financial statements according to both U.S. GAAP and a financial reporting framework permissible under Irish law (IFRS or Irish GAAP).

The rationale for the exemption originally included in the Companies (Miscellaneous Provisions) Act 2009, and later in the Companies Act 2014, was that the obligation to prepare both U.S. GAAP and IFRS financial statements was unduly onerous. As U.S. GAAP financial statements are internationally recognised as being of a high quality it was considered that those statements alone were a sufficient basis for Irish filings.

In July 2012, the Section 279 exemption was extended until 31st December 2020. Due to the comparator figures required by IFRS guidelines, for certain affected companies, the deadline for readiness for the expiry of the exemption is effectively 1st January 2018. The likelihood that the SEC will permit adoption or acceptance of IFRS by 2018 is very low. Accordingly, relevant companies will suffer the significant burden of creating and maintaining two sets of accounting records under different accounting standards for one organisation. Therefore, it is the view of the Coalition that the rationale for the original exemption still stands.

Clarity and commitment are now urgently needed to provide the affected companies with certainty on the issue, as in the absence of an extension of the Section 279 exemption, preparations will need to be made in the coming months to manage dual accounting standards.

In Switzerland, registrants at the main board of the Swiss Stock Exchange are permitted to use either IFRS or U.S. GAAP for their consolidated financial statements. Foreign listed companies may use IFRS, U.S. GAAP or a national GAAP deemed equivalent to those standards.

In the U.S.A., foreign private issuers may use IFRS, while domestic issuers are required to use U.S. GAAP. Accordingly, permitting the use of Modified U.S. GAAP in Ireland could be considered to be a reciprocal arrangement.

Conclusion

In conclusion, the Coalition is calling for a permanent or long-term extension of the temporary relief provided for at Section 279 of the Companies Act 2014 for the following reasons:

- 1. Avoiding Wasted Resources:** Action is needed to avoid incurring significant and unnecessary costs (up to €30 million implementation and ongoing annual costs in the order of millions) for no commercial or exchequer benefit.
- 2. Supporting Business:** A positive commitment would demonstrate Ireland's practical, business-oriented approach, and would represent a gesture of goodwill to Coalition and affected companies which have invested hundreds of millions in Ireland.
- 3. Maintaining International Competitiveness:** In other European countries, similar exemptions are also in place. While the terms vary, exemptions exist in Switzerland, the UK, the Czech Republic, Germany and France. In fact, the SEC in the United States accepts IFRS, so this is something of a reciprocal arrangement.

Clarity is now urgently needed to provide the affected companies with certainty on the issue, as due to the comparator figures required by IFRS guidelines, for companies with a December year-end the deadline for readiness for the expiry of the Section 279 exemption is effectively 1st January 2018. In the absence of an extension, preparations will need to be made in the coming months to manage dual accounting standards.

Coalition for Irish International Companies

The Coalition for Irish International Companies was formed to articulate the concerns of a number of significant multinational corporations with substantive operations in Ireland, including Medtronic, Eaton, Alkermes, Endo, Horizon Pharma and Mallinckrodt, with regard to the financial reporting requirements which would arise when the time period provided for at Section 279 (2) of the Companies Act 2014 expires.