

Company number: 05193881



## Shire Europe Finance

### Annual report and financial statements

For the year ended 31 December 2013

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# Shire Europe Finance

## Annual report and financial statements

For the year ended 31 December 2013

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# Shire Europe Finance

## Officers and professional advisers

### Directors

JN Bowling

A Miller

### Secretary

AJ Guthrie

### Registered office

Hampshire International Business Park

Chineham

Basingstoke

Hampshire

RG24 8EP

### Independent auditor

Deloitte LLP

London

# Shire Europe Finance

## Strategic report

### Principal activity

The Company is an indirect, wholly owned subsidiary within the Shire plc group (the 'Group' or 'Shire'). Shire is a leading specialty biopharmaceutical company that focuses on developing and marketing innovative specialty medicines that address significant unmet patient needs.

Shire unified its business during 2013 by integrating the operations of the Specialty Pharmaceuticals ("SP"), Human Genetic Therapies ("HGT") and Regenerative Medicine ("RM") business units into a simplified "One Shire" organization. The One Shire model has created a simple structure and a focused, efficient organization that is scalable for growth.

The principal activity of the Company is that of an investment company. The Company does not currently hold any investments.

### Financial performance

The Company neither generated nor incurred any income or expenditure in the year ended 31 December 2013 (2012: \$nil).

Net assets remained unchanged at \$352,000.

### Future Developments

*The Directors expect the current level of activity to continue.*

### Principal risks and uncertainties

In common with any investment activity within the context of a pharmaceutical group there is an inherent risk that the results of the underlying subsidiaries can be influenced by the results of future clinical trials, and that any future requirements of regulatory authorities or developments in respect of competitive products could have significant future consequences for the Company. The Group continuously monitors these developments on behalf of its subsidiaries and takes action where appropriate.

Further information in respect of risk factors impacting the Company and the Group can be obtained from the Shire plc Annual Report and Accounts 2013, which is publicly available, but does not form part of this annual report, and is also available from the Shire website at [www.shire.com](http://www.shire.com).

# Shire Europe Finance

## Strategic report (continued)

### Financial risk management

The Company's financial risks are managed on a Group basis.

#### *Financial risk factors*

The Group's activities expose it to a variety of financial risks: credit risk; liquidity risk and market risk (including foreign currency exchange risk, price risk and interest rate risk).

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to economically hedge certain risk exposures.

Financial risk management is carried out by a group treasury function conducted within a framework of policies and procedures approved annually by the Shire plc Board of Directors. The group treasury function identifies, evaluates and hedges financial risks as needed for each subsidiary. As a matter of policy, the Group does not undertake speculative transactions that would increase currency or interest rate exposure.

Further information in respect of the financial risk management of the Group can be obtained from the Shire plc Annual Report and Accounts for the year ended 31 December 2013, which is publicly available but does not form part of this Annual report and is available from the Shire website at [www.shire.com](http://www.shire.com).

### Key performance indicators

The Group manages its business on an Inline (Commercial products split into separate business units) and Pipeline (research and development and business development) basis, supported by technical operation and corporate functions, with central oversight of the Group's performance as a whole and for this reason the Company's Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The Group's key performance indicators are discussed in the Shire plc Annual Report and Accounts for the year ended 31 December 2013, which is publicly available but does not form part of this annual report and is available from the Shire website at [www.shire.com](http://www.shire.com).

Approved by the Board of Directors and signed on its behalf by:



JN Bowling  
Director

25/09/2014

# Shire Europe Finance

## Directors' report

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2013.

### Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

### Strategic Report

The information that fulfils the Companies Act requirements of the business review is included within the strategic report. This includes a review of the development of the business, financial risk management and likely future developments within the business.

### Subsequent events

#### Recommended combination of Shire and AbbVie Inc. ("AbbVie")

On 18 July 2014, AbbVie and Shire announced that they had agreed the terms of a recommended combination of Shire and AbbVie. Under the terms of the combination, shareholders will be entitled to receive £24.44 in cash and 0.8960 shares in the new Abbvie holding company per Shire ordinary share.

### Results and dividends

The result on ordinary activities before taxation of \$nil was recorded for the year ended 31 December 2013 (2012: \$nil).

The Directors do not recommend the payment of a dividend (2012: \$nil).

### Directors

The Directors who served throughout the year and up to the date of signing these financial statements are shown below:

JN Bowling	
PN Clements	(resigned 20/05/13)
DWD Hartley	(resigned 09/05/14)
A Miller	(appointed 09/05/14)

Approved by the Board of Directors and signed on its behalf by:



JN Bowling  
Director

25/09/2014

# Shire Europe Finance

## Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of Section 418 of the Companies Act 2006.

It is the Directors' intention that Deloitte LLP will be automatically re-appointed as auditors at the end of the next financial period under Section 487(2) of the Companies Act 2006.

## **Independent auditor's report to the members of Shire Europe Finance**

We have audited the financial statements of Shire Europe Finance for the year ended 31 December 2013 which comprise of the Profit and loss account, the Balance sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

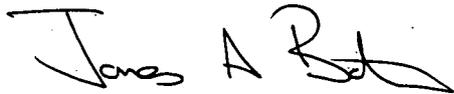
In our opinion the information given in the Strategic and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of Shire Europe Finance (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report.



James Bates ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

Date: 25 September 2014

# Shire Europe Finance

## Profit and loss account

For the year ended 31 December 2013

The Company has not prepared a profit and loss account as there was no revenue and no expenses incurred by the Company during the year ended 31 December 2013 or in the previous financial year.

There are no recognised gains and losses in the current or preceding year. Accordingly, no statement of total recognised gains and losses has been presented.

## Balance sheet

As at 31 December 2013

	Note	2013 \$'000	2012 \$'000
<b>Fixed assets</b>			
Investments	5	6	6
<b>Current assets</b>			
Debtors	6	346	346
<b>Net current assets</b>		352	352
<b>Net assets</b>		352	352
<b>Capital and reserves</b>			
Called-up share capital	7	-	-
Profit and loss account	8	352	352
<b>Shareholder's funds</b>	8	352	352

The financial statements of Shire Europe Finance, company number 05193881, were approved and authorised for issue by the Board of Directors on ~~25/02/14~~ and signed on its behalf by:



JN Bowling  
Director

# Shire Europe Finance

## Notes to the financial statements

For the year ended 31 December 2013

### 1. Accounting policies

The principal accounting policies adopted are described below. They have been applied consistently throughout the current and preceding year.

#### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### b) Liquidity, cash flow and going concern

At December 31, 2013, the Group's balance sheet includes \$2,239.4 million of cash and cash equivalents, the Group has committed multicurrency revolving and swingline facilities of \$1.20 billion, which mature in 2015, and a \$2.6bn facilities agreement, of which \$1.75bn was available and of which \$900m matures in 2014 and \$850m matures in 2015.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### c) Local currency and currency translation

The financial statements have been presented in local currency. The local currency is defined as the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are reported at the rate of exchange prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

#### d) Fixed asset investments

Investments held as fixed assets are held at cost less any provision for impairment.

#### e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# Shire Europe Finance

## Notes to the financial statements (continued)

For the year ended 31 December 2013

### 1. Accounting policies (continued)

#### e) Taxation (continued)

Deferred tax is not provided on timing differences arising on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

Deferred tax is measured at the rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

#### f) Cash flow statement

No cash flow statement has been prepared in accordance with FRS 1 'Cash flow statements (revised 1996)', as the ultimate parent undertaking, Shire plc, has prepared consolidated financial statements including a cash flow statement in which the results of the Company are included.

#### g) Related party transactions

Under the provisions of FRS 8 'Related party disclosures' (amended December 2008), the Company is not required to disclose details of related party transactions with other Group undertakings provided that any Group undertaking which is a party to the transaction is wholly owned by a member of that Group.

### 2. Operating result

Auditor's remuneration in respect of audit services amounting to \$4,000 (2012: \$4,000) has been borne by another Group undertaking and there was no recharge made to the Company in either year.

The Company had no employees during the year (2012: nil).

### 3. Directors' remuneration

All of the Directors who served during the year were employed by other Group undertakings for all or part of that year and did not receive remuneration directly in respect of their service as Directors to the Company.

# Shire Europe Finance

## Notes to the financial statements (continued)

For the year ended 31 December 2013

### 4. Tax on loss on ordinary activities

There was \$nil corporation tax charge for the year ended 31 December 2013 (2012: \$nil).

The difference between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2013 \$'000	2012 \$'000
Loss on ordinary activities before taxation	-	-
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	-	-
Effects of: Group relief surrendered	-	-
<b>Current tax for the year</b>	<b>-</b>	<b>-</b>

### 5. Fixed asset investment

The fixed asset investment relates to 1 ordinary share (less than 0.01%) of Shire Pharmaceutical Investment Holdings Limited, a holding company incorporated in Malta. Shire Pharmaceutical Investment Holdings Limited is currently in members' voluntary liquidation.

### 6. Debtors

	2013 \$'000	2012 \$'000
Amounts due from Group undertakings	346	346

The amounts due from Group undertakings are unsecured, US dollar denominated, repayable on demand, and are interest free.

### 7. Called-up share capital

	2013 \$'000	2012 \$'000
<b>Called-up, allotted and fully paid</b> 53 (2012: 53) ordinary shares of £1 each	-	-

The called-up, allotted and fully paid share capital of the Company is \$92 (£53) (2012: \$92 (£53)).

# Shire Europe Finance

## Notes to the financial statements (continued)

For the year ended 31 December 2013

### 8. Reserves and shareholder's funds

	Called-up share capital \$'000	Profit and loss account \$'000	2013 Total \$'000	2012 Total \$'000
As at 1 January	-	352	352	352
Loss for the year	-	-	-	-
<b>As at 31 December</b>	<b>-</b>	<b>352</b>	<b>352</b>	<b>352</b>

### 9. Immediate and ultimate parent company

Shire Holdings UK Limited, a company incorporated in England and Wales, is the immediate parent undertaking. Shire plc, a company incorporated in Jersey, is the ultimate parent company and controlling party and heads the only group in which the results of the Company are consolidated. The financial statements of Shire plc are available at [www.shire.com](http://www.shire.com) or from The Company Secretary, Shire plc, 22 Grenville Street, St Helier, Jersey, JE4 8PX.

### 10. Subsequent events

#### Recommended combination of Shire and AbbVie Inc.

On 18 July 2014, AbbVie and Shire announced that they had agreed the terms of a recommended combination of Shire and AbbVie. Under the terms of the combination, shareholders will be entitled to receive £24.44 in cash and 0.8960 shares in the new Abbvie holding company per Shire ordinary share.