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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-21392

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**Amarin Corporation plc**

(Exact Name of Registrant as Specified in its Charter)

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England and Wales  
(State or Other Jurisdiction of  
Incorporation or Organization)

Not applicable  
(I.R.S. Employer  
Identification No.)

2 Pembroke House, Upper Pembroke Street 28-32  
(Address of Principal Executive Offices)

Dublin 2, Ireland  
(Zip Code)

Registrant's telephone number, including area code: +353 (0) 1 6699 020

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

|                         |                                                                      |                           |                          |
|-------------------------|----------------------------------------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/>                                  | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> (Do not check if smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

172,144,067 shares held as American Depositary Shares (ADS), each representing one Ordinary Share, 50 pence par value per share, and 469,946 ordinary shares, were outstanding as of August 1, 2013.

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**PART I**

**AMARIN CORPORATION PLC**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited, in thousands, except share and per share amounts)

|                                                                                                                                                                                     | June 30,<br>2013  | December 31,<br>2012 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                       |                   |                      |
| Current Assets:                                                                                                                                                                     |                   |                      |
| Cash and cash equivalents                                                                                                                                                           | \$ 149,426        | \$ 260,242           |
| Restricted cash                                                                                                                                                                     | 1,400             | —                    |
| Accounts receivable                                                                                                                                                                 | 2,267             | —                    |
| Inventory                                                                                                                                                                           | 28,514            | 21,262               |
| Deferred tax asset                                                                                                                                                                  | 936               | 937                  |
| Other current assets                                                                                                                                                                | 2,171             | 3,253                |
| Total current assets                                                                                                                                                                | 184,714           | 285,694              |
| Property, plant and equipment, net                                                                                                                                                  | 706               | 811                  |
| Deferred tax asset                                                                                                                                                                  | 12,880            | 8,044                |
| Other non-current assets                                                                                                                                                            | 5,335             | 4,951                |
| Intangible asset, net                                                                                                                                                               | 11,032            | 11,355               |
| <b>TOTAL ASSETS</b>                                                                                                                                                                 | <b>\$ 214,667</b> | <b>\$ 310,855</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                                                                                                                                        |                   |                      |
| Current Liabilities:                                                                                                                                                                |                   |                      |
| Accounts payable                                                                                                                                                                    | \$ 9,688          | \$ 17,458            |
| Accrued interest payable                                                                                                                                                            | 9,555             | 2,520                |
| Deferred revenue                                                                                                                                                                    | 1,833             | —                    |
| Accrued expenses and other liabilities                                                                                                                                              | 14,358            | 5,224                |
| Total current liabilities                                                                                                                                                           | 35,434            | 25,202               |
| Long-Term Liabilities:                                                                                                                                                              |                   |                      |
| Warrant derivative liability                                                                                                                                                        | 36,028            | 54,854               |
| Exchangeable senior notes                                                                                                                                                           | 141,457           | 134,250              |
| Long-term debt                                                                                                                                                                      | 86,687            | 85,153               |
| Long-term debt redemption feature                                                                                                                                                   | 8,600             | 14,577               |
| Other long-term liabilities                                                                                                                                                         | 795               | 816                  |
| Total liabilities                                                                                                                                                                   | 309,001           | 314,852              |
| Commitments and contingencies (Note 7)                                                                                                                                              |                   |                      |
| Stockholders' Deficit:                                                                                                                                                              |                   |                      |
| Common stock, £0.50 par value, unlimited authorized; 150,752,960 issued, 150,732,881 outstanding at June 30, 2013; 150,360,933 issued, 150,340,854 outstanding at December 31, 2012 | 124,893           | 124,597              |
| Additional paid-in capital                                                                                                                                                          | 630,565           | 619,266              |
| Treasury stock; 20,079 shares at June 30, 2013 and December 31, 2012                                                                                                                | (217)             | (217)                |
| Accumulated deficit                                                                                                                                                                 | (849,575)         | (747,643)            |
| Total stockholders' deficit                                                                                                                                                         | (94,334)          | (3,997)              |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                                                                                                                                  | <b>\$ 214,667</b> | <b>\$ 310,855</b>    |

See notes to unaudited condensed consolidated financial statements.

AMARIN CORPORATION PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share amounts)

|                                                               | Three months ended June 30,<br>2013 | Three months ended June 30,<br>2012 | Six months ended June 30,<br>2013 | Six months ended June 30,<br>2012 |
|---------------------------------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Product revenues                                              | \$ 5,500                            | \$ —                                | \$ 7,842                          | \$ —                              |
| Operating Expenses:                                           |                                     |                                     |                                   |                                   |
| Cost of goods sold                                            | 2,844                               | —                                   | 4,131                             | —                                 |
| Research and development                                      | 17,489                              | 14,066                              | 39,327                            | 18,822                            |
| Selling, general and administrative                           | 33,961                              | 13,635                              | 73,228                            | 27,662                            |
| Total operating expenses                                      | 54,294                              | 27,701                              | 116,686                           | 46,484                            |
| Operating loss                                                | (48,794)                            | (27,701)                            | (108,844)                         | (46,484)                          |
| Gain (loss) on change in fair value of derivative liabilities | 18,841                              | (18,930)                            | 22,461                            | (85,139)                          |
| Interest expense, net                                         | (9,345)                             | (4,317)                             | (18,205)                          | (8,268)                           |
| Other (expense) income, net                                   | (411)                               | (52)                                | (536)                             | 16                                |
| Loss from operations before income taxes                      | (39,709)                            | (51,000)                            | (105,124)                         | (139,875)                         |
| (Provision for) benefit from income taxes                     | (65)                                | (2,904)                             | 3,192                             | (2,314)                           |
| Net loss                                                      | <u>\$ (39,774)</u>                  | <u>\$ (53,904)</u>                  | <u>\$ (101,932)</u>               | <u>\$ (142,189)</u>               |
| Loss per share:                                               |                                     |                                     |                                   |                                   |
| Basic and diluted                                             | \$ (0.26)                           | \$ (0.38)                           | \$ (0.68)                         | \$ (1.03)                         |
| Weighted average shares:                                      |                                     |                                     |                                   |                                   |
| Basic and diluted                                             | 150,694                             | 140,550                             | 150,562                           | 138,280                           |

See notes to unaudited condensed consolidated financial statements.

AMARIN CORPORATION PLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT

(Unaudited, in thousands, except share amounts)

|                                                                         | Common<br>Shares   | Common<br>Stock   | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Total              |
|-------------------------------------------------------------------------|--------------------|-------------------|----------------------------------|-------------------|------------------------|--------------------|
| <b>At January 1, 2013</b>                                               | <b>150,360,933</b> | <b>\$ 124,597</b> | <b>\$ 619,266</b>                | <b>\$ (217)</b>   | <b>\$ (747,643)</b>    | <b>\$ (3,997)</b>  |
| Exercise of warrants                                                    | 70,000             | 52                | 18                               | —                 | —                      | 70                 |
| Exercise of stock options                                               | 319,750            | 242               | 299                              | —                 | —                      | 541                |
| Tax benefits realized from stock-based compensation                     | —                  | —                 | 1,003                            | —                 | —                      | 1,003              |
| Shares issued for services                                              | 2,277              | 2                 | 16                               | —                 | —                      | 18                 |
| Stock-based compensation                                                | —                  | —                 | 9,963                            | —                 | —                      | 9,963              |
| Loss for the period                                                     | —                  | —                 | —                                | —                 | (101,932)              | (101,932)          |
| <b>At June 30, 2013</b>                                                 | <b>150,752,960</b> | <b>\$ 124,893</b> | <b>\$ 630,565</b>                | <b>\$ (217)</b>   | <b>\$ (849,575)</b>    | <b>\$ (94,334)</b> |
|                                                                         |                    |                   |                                  |                   |                        |                    |
|                                                                         | Common<br>Shares   | Common<br>Stock   | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Accumulated<br>Deficit | Total              |
| <b>At January 1, 2012</b>                                               | <b>135,832,542</b> | <b>\$ 113,321</b> | <b>\$ 449,393</b>                | <b>\$ (217)</b>   | <b>\$ (568,459)</b>    | <b>\$ (5,962)</b>  |
| Exercise of warrants                                                    | 9,812,622          | 7,569             | 7,361                            | —                 | —                      | 14,930             |
| Transfer of fair value of warrants exercised from liabilities to equity | —                  | —                 | 92,282                           | —                 | —                      | 92,282             |
| Conversion option contained in exchangeable notes                       | —                  | —                 | 22,898                           | —                 | —                      | 22,898             |
| Exercise of stock options                                               | 2,485,647          | 1,953             | 4,725                            | —                 | —                      | 6,678              |
| Tax benefits realized from stock-based compensation                     | —                  | —                 | 7,960                            | —                 | —                      | 7,960              |
| Shares issued for services                                              | 1,742              | 1                 | 13                               | —                 | —                      | 14                 |
| Stock-based compensation                                                | —                  | —                 | 8,709                            | —                 | —                      | 8,709              |
| Loss for the period                                                     | —                  | —                 | —                                | —                 | (142,189)              | (142,189)          |
| <b>At June 30, 2012</b>                                                 | <b>148,132,553</b> | <b>\$ 122,844</b> | <b>\$ 593,341</b>                | <b>\$ (217)</b>   | <b>\$ (710,648)</b>    | <b>\$ 5,320</b>    |

See notes to unaudited condensed consolidated financial statements.

**AMARIN CORPORATION PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

|                                                                                | Six Months Ended June 30,<br>2013 | 2012              |
|--------------------------------------------------------------------------------|-----------------------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                   |                                   |                   |
| Net loss                                                                       | \$(101,932)                       | \$(142,189)       |
| Adjustments to reconcile net loss to net cash used in operating activities:    |                                   |                   |
| Depreciation and amortization                                                  | 119                               | 75                |
| Stock-based compensation                                                       | 9,963                             | 8,709             |
| Stock-based compensation—warrants                                              | (1,455)                           | 4,232             |
| Shares issued for services                                                     | 18                                | 14                |
| Excess tax benefit from stock-based awards                                     | (1,003)                           | (7,960)           |
| Accrued interest payable                                                       | 7,035                             | 2,508             |
| Amortization of intangible asset                                               | 323                               | —                 |
| Amortization of debt discount and debt issuance costs                          | 8,740                             | 6,020             |
| Deferred income taxes                                                          | (4,836)                           | —                 |
| Change in lease liability                                                      | (19)                              | (46)              |
| (Gain) loss on change in fair value of derivative liabilities                  | (22,461)                          | 85,139            |
| Changes in assets and liabilities:                                             |                                   |                   |
| Restricted cash                                                                | (1,400)                           | —                 |
| Accounts receivable                                                            | (2,267)                           | —                 |
| Other current assets                                                           | 1,082                             | (4,596)           |
| Inventory                                                                      | (7,252)                           | —                 |
| Other non-current assets                                                       | (384)                             | (5,533)           |
| Accounts payable and other liabilities                                         | 3,313                             | 14,505            |
| Net cash used in operating activities                                          | <u>(112,416)</u>                  | <u>(39,122)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                   |                                   |                   |
| Purchase of long-term investment                                               | —                                 | (825)             |
| Purchases of equipment                                                         | <u>(14)</u>                       | <u>(264)</u>      |
| Net cash used in investing activities                                          | <u>(14)</u>                       | <u>(1,089)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                   |                                   |                   |
| Proceeds from exercise of stock options, net of transaction costs              | 541                               | 6,678             |
| Proceeds from exercise of warrants, net of transaction costs                   | 70                                | 14,930            |
| Excess tax benefit from stock-based awards                                     | 1,003                             | 7,960             |
| Proceeds from issuance of exchangeable debt, net of transaction costs          | —                                 | 144,316           |
| Payments under capital leases                                                  | <u>—</u>                          | <u>(20)</u>       |
| Net cash provided by financing activities                                      | 1,614                             | 173,864           |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS                           | (110,816)                         | 133,653           |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD                                 | <u>260,242</u>                    | <u>116,602</u>    |
| CASH AND CASH EQUIVALENTS, END OF PERIOD                                       | <u>\$ 149,426</u>                 | <u>\$ 250,255</u> |
| <b>Supplemental disclosure of cash flow information:</b>                       |                                   |                   |
| Cash paid during the year for:                                                 |                                   |                   |
| Interest                                                                       | <u>\$ 2,625</u>                   | <u>\$ —</u>       |
| Income taxes                                                                   | <u>\$ 765</u>                     | <u>\$ 313</u>     |
| <b>Non-cash transactions:</b>                                                  |                                   |                   |
| Transfer from derivative liability to equity, fair value of warrants exercised | <u>\$ —</u>                       | <u>\$ 92,282</u>  |

See notes to unaudited condensed consolidated financial statements.

AMARIN CORPORATION PLC

Notes to Unaudited Condensed Consolidated Financial Statements

For purposes of this Quarterly Report on Form 10-Q, our ordinary shares may also be referred to as “common shares” or “common stock.”

(1) Nature of Business and Basis of Presentation

Nature of Business

Amarin Corporation plc, “Amarin” or the “Company”, is a public limited company with its primary stock market listing in the United States on the NASDAQ Global Market. Amarin was originally incorporated in England as a private limited company on March 1, 1989 under the Companies Act 1985, and re-registered in England as a public limited company on March 19, 1993.

Amarin is a biopharmaceutical company with expertise in lipid science focused on the commercialization and development of therapeutics to improve cardiovascular health. On July 26, 2012, the Company received approval from the U.S. Food and Drug Administration, or FDA, to market and sell its lead product Vascepa® (icosapent ethyl) capsules (formerly known as AMR 101) as an adjunct to diet to reduce triglyceride levels in adult patients with severe (TG  $\geq$ 500mg/dL) hypertriglyceridemia, which the Company sometimes refers to as the MARINE indication. Triglycerides are fats in the blood. Vascepa became commercially available in the United States by prescription in January 2013, when the Company commenced sales and shipments to its network of U.S.-based wholesalers and specialty pharmacy providers. On January 28, 2013, the Company commenced its full commercial launch of Vascepa in the United States for use in the MARINE indication.

Amarin is also developing Vascepa for the treatment of patients with high triglyceride levels (TG  $\geq$ 200 mg/dL and  $<$ 500 mg/dL) who are also on statin therapy for elevated LDL-C levels. This indication is referred to as mixed dyslipidemia or the ANCHOR indication. In February 2013, the Company submitted a supplemental New Drug Application, or sNDA, to the FDA seeking approval of Vascepa for the ANCHOR indication. In April 2013, the FDA notified the Company that it accepted the ANCHOR sNDA for review. The acceptance of the ANCHOR sNDA for review indicates that the application is sufficiently complete to permit a substantive review by the FDA. On June 18, 2013, the FDA informed the Company that it plans to convene an advisory committee on October 16, 2013 to review the Company’s sNDA seeking approval for the marketing and sale of Vascepa for the treatment of patients with high triglyceride levels (TG  $>$ 200 mg/dL and  $<$ 500 mg/dL) who are also on statin therapy for elevated LDL-C levels. The application is subject to a standard review and has been assigned a Prescription Drug User Fee Act, or PDUFA, date of December 20, 2013. The PDUFA date is the target date for the FDA to complete its review of the sNDA. However, there can be no assurance that the FDA will complete its review of the sNDA by this date.

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with accounting principles generally accepted in the United States of America (the “U.S.” or the “United States”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information in the notes to the financial statements (the “Notes”) has been condensed or omitted where it substantially duplicates information provided in the Company’s latest audited consolidated financial statements, in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the SEC (the “2012 Form 10-K”). The balance sheet amounts at December 31, 2012 in this report were derived from the Company’s audited 2012 consolidated financial statements included in the 2012 Form 10-K. The condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the Company’s financial position, results of operations and cash flows for the periods indicated. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The results of operations for the three and six months ended June 30, 2013 and 2012, respectively, are not necessarily indicative of the results for the entire fiscal year or any future period. The Company has evaluated subsequent events from June 30, 2013 through the date of the issuance of these condensed consolidated financial statements and has disclosed subsequent events in Note 9.

The accompanying consolidated financial statements of the Company and subsidiaries have been prepared on a basis which assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Prior to 2004, the Company was in the business of selling a previous biopharmaceutical compound, which has since been discontinued. The Company’s current focus is on the commercialization and development of Vascepa, which received approval from the FDA in 2012 and for which the Company commenced marketing and sales in 2013.

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At June 30, 2013, the Company had cash and cash equivalents of \$149.4 million. See also Note 9—Subsequent Events for a description of a public offering completed in July 2013 resulting in net proceeds to the Company of approximately \$121.1 million.

The Company's consolidated balance sheet also includes derivative liabilities (see Note 5—Warrants and Warrant Derivative Liability) as well as long term debt and exchangeable senior notes (see Note 6—Debt). The warrant derivative liability reflects the fair value of outstanding warrants to purchase shares of the Company's common stock. This liability can only be settled in shares of the Company's stock and, as such, would only result in cash inflows upon the exercise of the warrants—not a cash out-flow. The long term debt is not callable except upon a change in control. The Exchangeable Senior Notes (the Notes) may be redeemed on or after January 19, 2017 at the option of the holders. The Notes are exchangeable under certain circumstances into cash, American Depositary Shares, or ADSs, or a combination of cash and ADSs, at the Company's election. Accordingly, the warrant derivative liability, long term debt and Exchangeable Senior Notes do not present a short term claim on the liquid assets of the Company.

The Company believes its cash and cash equivalents will be sufficient to fund its projected operations for at least the next twelve months.

## **(2) Significant Accounting Policies**

### **Use of Estimates**

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounting estimates are based on historical experience and other factors that are considered reasonable under the circumstances. Actual results could differ from those estimates. The preparation of the Company's condensed consolidated financial statements in accordance with GAAP requires management to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates and judgments and methodologies, including those related to revenue recognition and related allowances, clinical trial expenses, the valuation of inventory, impairment and amortization of intangibles, share-based compensation, income taxes including the valuation allowance for deferred tax assets, valuation of investments and derivative instruments. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

### **Revenue Recognition**

The Company sells Vascepa principally to a limited number of major wholesalers, as well as selected regional wholesalers and specialty pharmacy providers, or collectively, its Distributors, that in turn resell Vascepa to retail pharmacies for subsequent resale to patients and health care providers. Patients are required to have a prescription in order to purchase Vascepa. In accordance with GAAP, the Company's revenue recognition policy requires that: (i) there is persuasive evidence that an arrangement exists between the Company and the Distributor, (ii) delivery has occurred, (iii) collectability is reasonably assured and (iv) the price is fixed or determinable.

The Company commenced its commercial launch in the United States on January 28, 2013. Prior to 2013, the Company recognized no revenue from Vascepa sales. In accordance with GAAP, until the Company has the ability to reliably estimate returns of Vascepa from its Distributors, revenue will be recognized based on the resale of Vascepa for the purposes of filling patient prescriptions, and not based on sales from the Company to such Distributors. Consistent with industry practice, once the Company achieves sufficient history such that it can reliably estimate returns, the Company will recognize revenue based on sales to its Distributors. The Company currently defers Vascepa revenue recognition until the earlier of the product being resold for purposes of filling patient prescriptions; or the expiration of the right of return (twelve months after the expiration date of the product). The Company also defers the related cost of product sales and records such amounts as finished goods inventory held by others until revenue related to such product sales is recognized.

The Company has written contracts with its Distributors and delivery occurs when a Distributor receives Vascepa. The Company evaluates the creditworthiness of each of its Distributors to determine whether revenues can be recognized upon delivery, subject to satisfaction of the other requirements, or whether recognition is required to be delayed until receipt of payment. In order to conclude that the price is fixed or determinable, the Company must be able to (i) calculate its gross product revenues from the sales to Distributors and (ii) reasonably estimate its net product revenues. The Company calculates gross product revenues based on the wholesale acquisition cost that the Company charges its Distributors for Vascepa. The Company estimates its net product revenues by deducting from its gross product revenues (a) trade allowances, such as invoice discounts for prompt payment and distributor fees, (b) estimated government and private payor rebates, chargebacks and discounts, such as Medicaid reimbursements, (c) reserves for expected product returns and (d) estimated costs of incentives offered to certain indirect customers, including patients.

*Trade Allowances:* The Company generally provides invoice discounts on Vascepa sales to its Distributors for prompt payment and pays fees for distribution services, such as fees for certain data that Distributors provide to the Company. The payment terms for sales to Distributors generally include a 2% discount for payment within 30 days. Based on the Company's judgment and industry experience, the Company expects its Distributors to earn these discounts and fees, and deducts the full amount of these discounts and fees from its gross product revenues and accounts receivable at the time such revenues are recognized.

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**Rebates, Chargebacks and Discounts:** The Company contracts with Medicaid, other government agencies and various private organizations, or collectively, its Third-party Payors, so that Vascepa will be eligible for purchase by, or partial or full reimbursement from, such Third-party Payors. The Company estimates the rebates, chargebacks and discounts it will provide to Third-party Payors and deducts these estimated amounts from its gross product revenues at the time the revenues are recognized. The Company estimates the rebates, chargebacks and discounts that it will provide to Third-party Payors based upon (i) the Company's contracts with these Third-party Payors, (ii) the government-mandated discounts applicable to government-funded programs, (iii) information obtained from the Company's Distributors and (iv) information obtained from other third parties regarding the payor mix for Vascepa.

**Product Returns:** The Company estimates the amount of Vascepa that will be returned and deducts these estimated amounts from its gross revenues at the time that revenues are recognized. The Company's Distributors have the right to return unopened unprescribed Vascepa during the 18-month period beginning six months prior to the labeled expiration date and ending twelve months after the labeled expiration date. The expiration date for Vascepa is three years after it has been converted into capsule form, which is the last step in the manufacturing process for Vascepa and generally occurs within a few months before Vascepa is delivered to Distributors. As of June 30, 2013, the Company had experienced no product returns. During the six months ended June 30, 2013, the period in which the Company began selling Vascepa, the Company was not able to reasonably estimate product returns for all product sold to Distributors but the Company was able to reasonably estimate product returns for certain sales of Vascepa based on product used to fill patient prescriptions as determined by inventory estimated to be in the distribution channel and third party reports of prescriptions filled. In making this assessment, the Company used (i) data provided to the Company by its Distributors (including weekly reporting of Distributors' sales and inventory held by Distributors that provided the Company with visibility into the distribution channel in order to determine what quantities were sold to retail pharmacies and other providers), (ii) information provided to the Company from retail pharmacies, (iii) data provided to the Company by a third party data provider which collects and publishes prescription data, and other third parties, (iv) historical industry information regarding return rates for similar pharmaceutical products, (v) the estimated remaining shelf life of Vascepa previously shipped and currently being shipped to Distributors and (vi) contractual agreements intended to limit the amount of inventory maintained by the Company's Distributors.

**Other Incentives:** Other incentives that the Company offers to indirect customers include co-pay mitigation rebates provided by the Company to commercially insured patients who have coverage for Vascepa and who reside in states that permit co-pay mitigation programs. The Company's co-pay mitigation program is intended to reduce each participating patient's portion of the financial responsibility for Vascepa's purchase price to a specified dollar amount. Based upon the terms of the program and information regarding programs provided for similar specialty pharmaceutical products, the Company estimates the average co-pay mitigation amounts and the percentage of patients that it expects to participate in the program in order to establish its accruals for co-pay mitigation rebates and deducts these estimated amounts from its gross product revenues at the time the revenues are recognized. The Company's co-pay mitigation rebates offered to date will expire on December 31, 2013. The Company adjusts its accruals for co-pay mitigation rebates based on its estimates regarding the portion of issued rebates that it estimates will not be redeemed. In addition, as is customary prior to the launch of new drugs, the Company provided certain of its Distributors with financial incentives to begin stocking Vascepa prior to the Company's commercial launch of Vascepa in order to ensure that Vascepa was readily available to fill patient prescriptions upon launch. Such incentives were only offered on purchases of initial launch quantities of Vascepa stocked by Distributors in January 2013. The amount of these financial incentives is recorded by the Company as a reduction to revenues on a pro-rata basis for each of the bottles subject to such financial incentives.

The following table summarizes activity in each of the product revenue allowance and reserve categories described above for the six months ended June 30, 2013 (in thousands):

|                                                             | <u>Trade Allowances</u> | <u>Rebates, Chargebacks and Discounts</u> | <u>Product Returns</u> | <u>Other Incentives</u> | <u>Total</u>    |
|-------------------------------------------------------------|-------------------------|-------------------------------------------|------------------------|-------------------------|-----------------|
| <b>Balance at January 1, 2013</b>                           | \$ —                    | \$ —                                      | \$ —                   | \$ —                    | \$ —            |
| Provision related to current period and deferred sales      | 1,654                   | 1,009                                     | 72                     | 1,095                   | 3,830           |
| Credits/payments made for current period and deferred sales | (1,053)                 | (460)                                     | —                      | (869)                   | (2,382)         |
| <b>Balance at June 30, 2013</b>                             | <u>\$ 601</u>           | <u>\$ 549</u>                             | <u>\$ 72</u>           | <u>\$ 226</u>           | <u>\$ 1,448</u> |

The following table summarizes product revenue recognized and deferred during the six months ended June 30, 2013 (in thousands):

|                            | <u>June 30, 2013</u> | <u>December 31, 2012</u> |
|----------------------------|----------------------|--------------------------|
| Product revenue recognized | \$ 7,842             | \$ —                     |
| Deferred product revenue   | 1,833                | —                        |
|                            | <u>\$ 9,675</u>      | <u>\$ —</u>              |

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In conjunction with the Company's recognition and deferral of product revenues, the Company expensed and capitalized the associated cost of goods, as follows, during the six months ended June 30, 2013 (in thousands):

|                                         | June 30, 2013   | December 31, 2012 |
|-----------------------------------------|-----------------|-------------------|
| Cost of goods sold expensed             | \$ 4,131        | \$ —              |
| Finished goods inventory held by others | 695             | —                 |
|                                         | <u>\$ 4,826</u> | <u>\$ —</u>       |

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash, deposits held at call with banks and short term highly liquid instruments with remaining maturities at the date of purchase of 90 days or less. Restricted cash represents cash and cash equivalents pledged to guarantee repayment of certain expenses which may be incurred for business travel under corporate credit cards held by employees.

### **Inventory**

The Company states inventories at the lower of cost or market value. Cost is determined based on actual cost using the average cost method. An allowance is established when management determines that certain inventories may not be saleable. If inventory cost exceeds expected market value due to obsolescence, damage or quantities in excess of expected demand, the Company will record a reserve for the difference between cost and market value. The Company received FDA approval on July 26, 2012 and after that date began capitalizing inventory purchases of saleable product from approved suppliers. Until an API supplier is approved, all Vascepa API purchased from such supplier is included as a component of research and development expense. Upon sNDA approval of each additional supplier, the Company capitalizes subsequent Vascepa API purchases from such supplier as inventory. Purchases of Vascepa API received and expensed before such regulatory approvals is not subsequently capitalized, and all such purchases are quarantined and not used for commercial supply until such time as the sNDA for the supplier that produced the API is approved.

### **Intangible Asset, net**

Intangible assets consist of a milestone payment paid to the former shareholders of Laxdale Limited related to the 2004 acquisition of our rights to Vascepa, which is the result of Vascepa receiving marketing approval for the first indication and is amortized over its estimated useful life on a straight-line basis. The Company concluded that use of the straight-line method was appropriate as the majority of cash flows are expected to be generated ratably over the estimated useful life and no degradation of the cash flows over time is currently anticipated. See Note 7 (commitments and contingencies) for further information regarding other obligations related to the acquisition of Laxdale Limited.

### **Deferred Revenue**

Deferred revenue represents product shipments to Distributors for which we have invoiced the Distributors but not recognized revenue because the product was not reported to the Company as having been resold for the purpose of filling prescriptions on or before June 30, 2013.

### **Research and Development Costs**

The Company charges research and development costs to operations as incurred. Research and development expenses are comprised of costs incurred by the Company in performing research and development activities, including salary and benefits; stock-based compensation expense; laboratory supplies and other direct expenses; contractual services, including clinical trial and pharmaceutical development costs; commercial supply investment in its drug candidates; and infrastructure costs, including facilities costs and depreciation expense. In addition, research and development costs include the costs of product supply received from suppliers when such receipt by the Company is prior to regulatory approval of the supplier.

### **Selling, General and Administrative Costs**

The Company charges sales, general and administrative costs to operations as incurred. Selling, general and administrative costs include costs of salaries, programs and infrastructure necessary for the general conduct of the Company's business, including the 2013 commercial launch of Vascepa in the United States for the MARINE indication. Included as part of selling, general and administrative costs is warrant-related expense from non-cash changes in fair value of the derivative liability associated with warrants issued in October 2009 to former officers of Amarin which is recorded as compensation income (expense).

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### **Income Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts and tax bases of assets and liabilities and operating loss carry-forwards and other attributes using enacted rates expected to be in effect when those differences reverse. Valuation allowances are provided against deferred tax assets that are not more likely than not to be realized.

The Company provides reserves for potential payments of tax to various tax authorities or does not recognize tax benefits related to uncertain tax positions and other issues. Tax benefits for uncertain tax positions are based on a determination of whether a tax benefit taken by the Company in its tax filings or positions is more likely than not to be realized, assuming that the matter in question will be decided based on its technical merits. The Company's policy is to record interest and penalties in the provision for income taxes.

### **Derivative Instruments**

Derivative financial liabilities are recorded at fair value, with gains and losses arising for changes in fair value recognized in the statement of operations at each period end while such instruments are outstanding. If the Company issues shares to discharge the liability, the derivative financial liability is derecognized and common stock and additional paid-in capital are recognized on the issuance of those shares. The warrants are valued using a Black-Scholes option pricing model due to the nature of the instrument. The long term debt redemption feature is valued using a probability-weighted model incorporating management estimates for potential change in control, and by determining the fair value of the debt with and without the change in control provision included.

If the terms of warrants that initially require the warrant to be classified as a derivative financial liability lapse, the derivative financial liability is reclassified out of financial liabilities into equity at its fair value on that date. At the applicable settlement date, if the instruments are settled in shares the carrying value of the warrants are derecognized and transferred to equity at their fair value at that date. The cash proceeds received from exercises of warrants are recorded in common stock and additional paid-in capital.

### **Loss per Share**

Basic net loss per share is determined by dividing net loss by the weighted average shares of common stock outstanding during the period. Diluted net loss per share is determined by dividing net loss by diluted weighted average shares outstanding. Diluted weighted average shares reflects the dilutive effect, if any, of potentially dilutive common shares, such as common stock options and warrants calculated using the treasury stock method and convertible notes using the "if-converted" method. In periods with reported net operating losses, all common stock options and warrants are deemed anti-dilutive such that basic net loss per share and diluted net loss per share are equal.

### **Debt Instruments**

Debt instruments are initially recorded at fair value, with coupon interest and amortization of debt issuance discounts recognized in the statement of operations as interest expense at each period end while such instruments are outstanding. If the Company issues shares to discharge the liability, the debt obligation is derecognized and common stock and additional paid-in capital are recognized on the issuance of those shares.

The Company's exchangeable notes contain a conversion option which is classified as equity. The fair value of the liability component of the debt instrument was deducted from the initial proceeds to determine the proceeds to be allocated to the conversion option. The embedded conversion option is indexed to the Company's stock and treated as equity on the balance sheet. The conversion option is evaluated on a quarterly basis to determine if it still meets the criteria to be equity classified. The excess principal amount of the debt over the carrying value of the liability is amortized to interest expense over the term of the debt.

The Company's December 2012 debt financing agreement contains a redemption feature triggered upon a change of control, which has been classified as an embedded derivative. The fair value of the derivative was recorded as a reduction to the fair value of the note payable. The fair value of this warrant derivative liability is remeasured at each reporting period, with changes in fair value recognized in the statement of operations. The discount recorded to the note payable is being amortized to interest expense over the term of the note payable.

### **Fair Value of Financial Instruments**

The Company provides disclosure of financial assets and financial liabilities that are carried at fair value based on the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements may be classified based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities using the following three levels:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

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Level 3—Unobservable inputs that reflect the Company’s estimates of the assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The following table presents information about the Company’s assets and liabilities as of June 30, 2013 and December 31, 2012 that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

| <i>In millions</i>                | June 30, 2013     |                |                |                |
|-----------------------------------|-------------------|----------------|----------------|----------------|
|                                   | <u>Total</u>      | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| <b>Asset:</b>                     |                   |                |                |                |
| Cash equivalents—money markets    | <u>\$41.5</u>     | <u>\$ 41.5</u> | <u>\$ —</u>    | <u>\$ —</u>    |
| <b>Liabilities:</b>               |                   |                |                |                |
| Warrant derivative liability      | \$36.0            | \$ —           | \$ —           | \$36.0         |
| Long-term debt redemption feature | \$ 8.6            | \$ —           | \$ —           | \$ 8.6         |
| Foreign currency contracts        | <u>\$ 0.9</u>     | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ 0.9</u>  |
| <i>In millions</i>                | December 31, 2012 |                |                |                |
|                                   | <u>Total</u>      | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| <b>Asset:</b>                     |                   |                |                |                |
| Cash equivalents—money markets    | <u>\$64.1</u>     | <u>\$ 64.1</u> | <u>\$ —</u>    | <u>\$ —</u>    |
| <b>Liability:</b>                 |                   |                |                |                |
| Warrant derivative liability      | \$54.9            | \$ —           | \$ —           | \$54.9         |
| Long-term debt redemption feature | <u>\$14.6</u>     | <u>\$ —</u>    | <u>\$ —</u>    | <u>\$ 14.6</u> |

The carrying amounts of cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of their short-term nature.

### Warrant Derivative Liability

At December 31, 2012, the fair value of the warrant derivative liability was determined to be \$54.9 million using the Black-Scholes option valuation model applying the following assumptions: (i) risk-free rate of 0.25%, (ii) remaining term of 1.8 years, (iii) no dividend yield, (iv) volatility of 95% and (v) the stock price on the date of measurement.

At June 30, 2013, the fair value of the warrant derivative liability was determined to be \$36.0 million using the Black-Scholes option valuation model applying the following assumptions: (i) risk-free rate of 0.2%, (ii) remaining term of 1.3 years, (iii) no dividend yield, (iv) volatility of 94%, and (v) the stock price on the date of measurement. The \$18.9 million decrease in the fair value of the warrant liability during the six months ended June 30, 2013 was recognized as: (i) a \$17.4 million gain on change in fair value of the remaining derivative liability and (ii) \$1.5 million in compensation income for change in fair value of warrants issued to former employees. Both amounts are included in the consolidated statement of operations for the six months ended June 30, 2013. The fair value of this warrant liability is determined using the Black-Scholes option valuation model and is therefore sensitive to changes in the market price and volatility of the Company’s common stock among other factors. In the event of a hypothetical 10% increase in the market price of the Company’s common shares (\$6.38 based on the \$5.80 market price of the Company’s stock at June 28, 2013) on which the June 30, 2013 valuation was based, the value of the derivative liability would have increased by \$4.6 million. Such increase would have been reflected as a loss on change in fair value of the warrant derivative liability in the Company’s statement of operations. Significant increases (decreases) in this input in isolation would result in a significantly higher (lower) fair value asset measurement.

### Long Term Debt Redemption Feature

The Company’s December 2012 financing agreement with BioPharma Secured Debt Fund II Holdings Cayman, L.P. or BioPharma, contains a redemption feature whereby, upon a change of control, the Company would be required to pay \$140 million, less any previously repaid amount, if the change of control occurs on or before December 31, 2013, or required to repay \$150 million, less any previously repaid amount, if the change of control event occurs after December 31, 2013. The Company determined this redemption feature to be an embedded derivative, which is carried at fair value and is classified as Level 3 in the fair value hierarchy due to the use of significant unobservable inputs. The fair value of the embedded derivative was calculated using a probability-weighted model incorporating management estimates for potential change in control, and by determining the fair value of the debt with and without the change in control provision included. The

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difference between the two fair values of the debt was determined to be the fair value of the embedded derivative. The fair value of the derivative liability was calculated at both December 31, 2012 and at June 30, 2013. At December 31, 2012, the fair value of the derivative was determined to be \$14.6 million, and the debt was valued by comparing debt issues of similar companies with (i) terms of between 4.8 and 8.0 years, (ii) coupon rates of between 3.0% and 11.5% and (iii) market yields of between 10.7% and 27.7%. At June 30, 2013, the fair value of the derivative was determined to be \$8.6 million, and the debt was valued by comparing debt issues of similar companies with (i) remaining terms of between 3.8 and 7.1 years, (ii) coupon rates of between 9.9% and 12.5% and (iii) market yields of between 10.8% and 26.0%. The Company recognized a \$6.0 million gain on change in fair value of derivative liability for the six months ended June 30, 2013.

### Foreign Currency

All subsidiaries use the United States dollar as the functional currency. Monetary assets and liabilities denominated in a foreign currency are remeasured into United States dollars at period-end exchange rates. Non-monetary assets and liabilities carried in a foreign currency are remeasured into United States dollars using rates of exchange prevailing when such assets or liabilities were obtained or incurred, and expenses are generally remeasured using rates of exchange prevailing when such expenses are incurred. Gains and losses from the remeasurement are included in other (expense) income, net in the consolidated statements of operations. For transactions settled during the applicable period, gains and losses are included in other (expense) income, net in the consolidated statements of operations. The Company uses foreign exchange forward contracts to hedge against changes in exchange rates for inventory purchases denominated in foreign currency. As of June 30, 2013 the Company held foreign exchange forward contracts with notional amounts totaling \$9.0 million. As of June 30, 2013, the outstanding foreign exchange forward contract derivative liability had a net fair value of \$0.9 million. The Company included this \$0.9 million as a component of change in fair value of derivative liabilities and in other current liabilities at June 30, 2013.

The change in the fair value of financial instruments is as follows (in thousands):

|                                                                                      | October<br>2009<br>Warrants | Debt<br>Redemption<br>Feature | Foreign<br>Exchange<br>Contracts | Totals            |
|--------------------------------------------------------------------------------------|-----------------------------|-------------------------------|----------------------------------|-------------------|
| <b>Balance at January 1, 2012</b>                                                    | <b>\$ 123,125</b>           | <b>\$ —</b>                   | <b>\$ —</b>                      | <b>\$ 123,125</b> |
| Loss on change in fair value of derivative liability                                 | 85,139                      | —                             | —                                | 85,139            |
| Compensation expense for change in fair value of warrants issued to former employees | 4,232                       | —                             | —                                | 4,232             |
| Transfers to equity                                                                  | (92,282)                    | —                             | —                                | (92,282)          |
| <b>Balance at June 30, 2012</b>                                                      | <b>\$ 120,214</b>           | <b>\$ —</b>                   | <b>\$ —</b>                      | <b>\$ 120,214</b> |
|                                                                                      | October<br>2009<br>Warrants | Debt<br>Redemption<br>Feature | Foreign<br>Exchange<br>Contracts | Totals            |
| <b>Balance at January 1, 2013</b>                                                    | <b>\$ 54,854</b>            | <b>\$ 14,577</b>              | <b>\$ —</b>                      | <b>\$ 69,431</b>  |
| (Gain) loss on change in fair value of derivative liabilities                        | (17,371)                    | (5,977)                       | 887                              | (22,461)          |
| Compensation income for change in fair value of warrants issued to former employees  | (1,455)                     | —                             | —                                | (1,455)           |
| Transfers to equity                                                                  | —                           | —                             | —                                | —                 |
| <b>Balance at June 30, 2013</b>                                                      | <b>\$ 36,028</b>            | <b>\$ 8,600</b>               | <b>\$ 887</b>                    | <b>\$ 45,515</b>  |

### Segment and Geographical Information

For the three and six months ended June 30, 2013 and 2012, the Company has reported its business as a single reporting segment. The Company's chief decision maker, who is the Chief Executive Officer, regularly evaluates the Company on a consolidated basis.

### Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, and are adopted by the Company as of the specified effective date. The Company believes that the impact of other recently issued but not yet adopted accounting pronouncements will not have a material impact on consolidated financial position, results of operations, and cash flows, or do not apply to the Company's operations.

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### (3) Intangible Asset

Intangible asset consists of technology rights for Vascepa and have an estimated remaining useful life of 17.1 years. The carrying value as of June 30, 2013 and December 31, 2012 is as follows (in thousands):

|                          | June 30, 2013    | December 31, 2012 |
|--------------------------|------------------|-------------------|
| Technology rights        | \$ 11,624        | \$ 11,624         |
| Accumulated amortization | (592)            | (269)             |
|                          | <u>\$ 11,032</u> | <u>\$ 11,355</u>  |

### (4) Inventory

After approval of Vascepa on July 26, 2012 by the FDA, the Company began capitalizing its purchases of saleable inventory of Vascepa. Inventories consist of the following at June 30, 2013 and December 31, 2012 (in thousands):

|                                         | June 30, 2013    | December 31, 2012 |
|-----------------------------------------|------------------|-------------------|
| Raw materials                           | \$ 5,918         | \$ 5,465          |
| Work in progress                        | 8,491            | 15,471            |
| Finished goods                          | 13,410           | 326               |
| Finished goods inventory held by others | 695              | —                 |
|                                         | <u>\$ 28,514</u> | <u>\$ 21,262</u>  |

Inventory is valued at lower of cost or market value, no reserve for excess or obsolete inventory was recorded at either June 30, 2013 or December 31, 2012.

### (5) Warrants and Warrant Derivative Liability

The Company had 9,866,826 warrants to purchase common shares outstanding at June 30, 2013 at a weighted-average exercise price of \$1.44, as summarized in the following table:

| Issue Date | Amount           | Exercise Price | Expiration Date |
|------------|------------------|----------------|-----------------|
| 4/27/07    | 17,500           | \$17.90        | 1/17/14         |
| 7/31/09    | 1,734,888        | 1.00           | 7/30/14         |
| 10/16/09   | 7,487,388        | 1.50           | 10/15/14        |
| 10/16/09   | 627,050          | 1.50           | 10/15/14        |
|            | <u>9,866,826</u> | <u>\$ 1.44</u> |                 |

#### *October 2009 Warrant derivative liability*

On October 16, 2009, the Company completed a \$70.0 million private placement with both existing and new investors resulting in \$62.3 million in net proceeds and an additional \$3.6 million from bridge notes converted in conjunction with the private placement. In consideration for the \$62.3 million in net cash proceeds Amarin issued 66.4 million units, each unit consisting of (i) one ADS (representing one ordinary share) at a purchase price of \$1.00 and (ii) a warrant with a five year term to purchase 0.5 of an ADS at an exercise price of \$1.50 per ADS. In consideration for the conversion of \$3.6 million of convertible bridge notes, Amarin issued 4.0 million units, each unit consisting of (i) one ADS (representing one ordinary share) at a purchase price of \$0.90 and (ii) a warrant with a five year term to purchase 0.5 of an ADS at an exercise price of \$1.50 per ADS. The total number of warrants issued in conjunction with the financing was 35.2 million of which 7.5 million are outstanding at June 30, 2013.

In conjunction with the October 2009 financing, the Company issued an additional 0.9 million warrants to three former officers of which 0.6 million are outstanding as of June 30, 2013. The warrants issued in connection with the October 2009 financing contained a pricing variability feature which provided for an increase to the exercise price if the exchange rate between the U.S. dollar and British pound adjusts such that the warrants could be exercised at a price less than the £0.5 par value of the common stock – that is, if the exchange rate exceeded U.S. \$3.00 per £1.0 sterling. Due to the potential variable nature of the exercise price, the warrants are not considered to be indexed to the Company's common stock. Accordingly, the warrants do not qualify for the exception to classify the warrants within equity and are classified as a derivative liability.

The fair value of this warrant derivative liability is remeasured at each reporting period, with changes in fair value recognized in the statement of operations. Upon exercise, the fair value of the warrants exercised is remeasured and reclassified from warrant liability to additional paid-in

capital. Although the warrants contain a pricing variability feature, the number of warrants issuable remains fixed. Therefore, the maximum number of common shares issuable as a result of the October 2009 private placement is 36.1 million. The change in fair value of the warrant derivative liability is discussed in Note 2.

#### July 2009 and April 2007 Warrants

The Company issued several warrants in July 2009 and April 2007. As of June 30, 2013 and December 31, 2012 these warrants have been classified as equity instruments and have been included in the Company's consolidated balance sheet within additional paid-in-capital. During the six months ended June 30, 2013, 70,000 of the July 2009 warrants were exercised resulting in proceeds to the Company of \$0.1 million.

## **(6) Debt**

### Long term debt—December 2012 Financing

On December 6, 2012, the Company entered into an agreement with BioPharma. Under this agreement, the Company granted to BioPharma a security interest in future receivables associated with the Vascepa patent rights in exchange for \$100.0 million received at the closing of the agreement, which closing occurred in December 2012. The Company has agreed to repay BioPharma up to \$150 million of future revenue and receivables. The first repayment under the agreement is a repayment of \$2.5 million of interest due to be paid to BioPharma in November 2013 for the fiscal quarter ended September 30, 2013, subject to the limitation described below. Additional quarterly repayments are scheduled to be paid thereafter in accordance with the following schedule: \$2.5 million of interest in the first quarter of 2014; \$8.0 million per quarter in each of the next four quarters, \$10.0 million per quarter in each of the next four quarters, \$15.0 million per quarter in each of the next four quarters and a final payment of \$13.0 million scheduled for payment in May 2017. The quarterly repayments through the third quarter of September 2014 represent interest only. Quarterly payments do not begin to reduce the principal balance until the fourth quarter of 2014. These quarterly payments are subject to a quarterly threshold amount whereby, if a calculated threshold, based on quarterly Vascepa revenues, is not achieved, the quarterly payment payable in that quarter can at the Company's election be reduced, with the reduction carried forward without interest for payment in a future period. The payment of any carried forward amount is subject to similarly calculated threshold repayment amounts based on Vascepa revenue levels. Except upon a change of control in Amarin, the agreement does not expire until \$150 million has been repaid. Under the agreement, upon a change of control, the Company would be required to pay \$140 million, less any previously repaid amount, if the change of control occurs on or before December 31, 2013, or required to repay \$150 million, less any previously repaid amount, if the change of control event occurs after December 31, 2013. The Company can prepay after October 1, 2013, an amount equal to \$150 million less any previously repaid amount.

The Company determined the redemption feature upon a change of control to be an embedded derivative requiring bifurcation. The fair value of the embedded derivative was calculated by determining the fair value of the debt with the change in control provision included and also without the change in control provision. The difference between the two fair values of the debt was determined to be the fair value of the embedded derivative, and the Company recorded a derivative liability of \$14.6 million as a reduction to the note payable. The fair value of this derivative liability is remeasured at each reporting period, with changes in fair value recognized in the statement of operations. The fair value of the derivative liability at June 30, 2013 was \$8.6 million, and the Company recognized a gain on change in fair value of derivative liability of \$6.0 million for the six month period ended June 30, 2013. For the six months ended June 30, 2013, the Company recorded \$7.0 million and \$1.5 million of cash and non-cash interest expense, respectively. The Company will periodically evaluate the remaining term of the agreement and the effective interest will be recalculated each period based on the Company's most current estimate of repayment.

The Company currently estimates that its Vascepa revenue levels will be high enough to support repayment to BioPharma in accordance with the repayment schedule without the optional reduction which is allowed to be elected by the Company if the threshold revenue levels are not achieved. Accordingly, for the six months ended June 30, 2013, the Company recorded a total of \$8.5 million in interest expense and the Company currently anticipates that over the scheduled repayment period it will continue to record as interest expense the difference between the proceeds received by the Company and the redemption amount. These estimates will be reevaluated each reporting period by the Company and adjusted if necessary.

### Exchangeable Senior Notes

In January 2012, the Company issued \$150.0 million in principal amount of 3.5% exchangeable senior notes due 2032, or the Senior Notes. The Senior Notes were issued by Corsicanto Limited, an Irish limited company acquired by Amarin in January 2012. Corsicanto Limited is a wholly-owned subsidiary of Amarin. The general, unsecured, senior obligations are fully and unconditionally guaranteed by Amarin but not by any of the Company's subsidiaries. Corsicanto Limited has no assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Senior Notes. There are no significant restrictions on the ability of Amarin to obtain funds from Corsicanto Limited in the form of cash dividends, loans, or advances. Net proceeds to the Company, after payment of underwriting fees and expenses, were approximately \$144.3 million.

The Senior Notes have a stated interest rate of 3.5% per year, payable semiannually in arrears on January 15 and July 15 of each year beginning on July 15, 2012, and ending upon the Senior Notes' maturity on January 15, 2032. The Senior Notes are subject to repurchase by the Company at the option of the holders on each of January 19, 2017, January 19, 2022, and January 19, 2027, at a price equal to 100% of the

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principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. The Senior Notes are exchangeable under certain circumstances into cash, ADSs, or a combination of cash and ADSs, at the Company's election, with an initial exchange rate of 113.4752 ADSs per \$1,000 principal amount of Senior Notes. It is the Company's current intention to settle these obligations in cash. If the Company elected physical settlement, the Senior Notes would initially be exchangeable into 17,021,280 ADSs. Based on the closing price of the Company's stock at June 30, 2013, the principal amount of the Senior Notes would exceed the value of the shares if converted on that date by \$51.3 million.

Additional covenants include: (i) limitations on future indebtedness under certain circumstances, (ii) the timely filing of documents and reports pursuant to Section 13 or 15(d) of the Exchange Act with both the SEC and the Trustee, and (iii) maintaining the tradability of the Senior Notes. The Company is required to use commercially reasonable efforts to procure and maintain the listing of the Senior Notes on the Global Exchange Market operated under the supervision of the Irish Stock Exchange (or other recognized stock exchange as defined in the Note Indenture) prior to July 15, 2012. If the Senior Notes are not freely tradable, as a result of restrictions pursuant to U.S. securities law or the terms of the Indenture or the Senior Notes, the Company shall pay additional interest on the Senior Notes at the rate of 0.50% per annum of the principal amount of Senior Notes outstanding for each day during such period for which the Company's failure to file has occurred and is continuing or for which the Senior Notes are not freely tradable.

The Company may not redeem the Senior Notes prior to January 19, 2017, other than in connection with certain changes in the tax law of a relevant taxing jurisdiction that results in additional amounts becoming due with respect to payments and/or deliveries on the Senior Notes. On or after January 19, 2017 and prior to the maturity date, the Company may redeem for cash all or part of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. There is no prepayment penalty or sinking fund provided for the Senior Notes. If the Company undergoes a fundamental change, holders may require the Company to repurchase for cash all or part of their Senior Notes at a repurchase price equal to 100% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. The Senior Notes are the Company's senior unsecured obligations and rank senior in right of payment to the Company's future indebtedness that is expressly subordinated in right of payment to the Senior Notes and equal in right of payment to the Company's future unsecured indebtedness that is not so subordinated. The Senior Notes are effectively junior in right of payment to future secured indebtedness to the extent of the value of the assets securing such indebtedness.

The Senior Notes are exchangeable under certain circumstances, and the proceeds allocated to this conversion option were determined to be \$23.8 million and were deducted from the initial fair value of the \$150.0 million debt obligation. The conversion option will not be subsequently remeasured as long as it continues to meet conditions for equity classification. The Company determined the fair value of the liability component of the Senior Notes to be \$126.2 million, and the excess of the principal amount of the liability component over the liability is the amount allocated to the conversion option and also results in a discount on the debt. The discount created from allocating proceeds to the conversion option will be amortized to interest expense using the effective interest method over the Senior Notes' estimated remaining life, which was calculated to be a period of twenty-four months. The effective interest rate of the Senior Notes is 14.5%. As of June 30, 2013, the unamortized discount created from the allocation of the proceeds to the conversion option was \$7.1 million.

The Company also recorded a debt discount to reflect the value of the underwriters' discounts and offering costs. A portion of the debt discount from underwriter's discounts and offering costs was allocated to the equity and liability components of the Notes in proportion to the proceeds allocated to each component. The portion of the debt discount from underwriters' discounts and offering costs allocated to the liability component is being amortized as interest expense over the estimated remaining life of the Notes of twenty-four months. As of June 30, 2013, the unamortized debt discount was \$1.4 million and was recorded as a direct reduction of debt on the balance sheet. The carrying value of the Notes, net of the unamortized discount, was \$141.5 million. During the three months ending June 30, 2013, the Company recognized interest expense of \$5.0 million related to the Notes, of which \$3.1 million represents amortization of the debt discount created upon allocation of proceeds to the conversion option, \$1.3 million represents contractual coupon interest, and \$0.6 million represents the amortization of the discount from the underwriter's discounts and offering costs. During the six months ending June 30, 2013, the Company recognized interest expense of \$9.8 million related to the Notes, of which \$6.0 million represents amortization of the debt discount created upon allocation of proceeds to the conversion option, \$2.6 million represents contractual coupon interest, and \$1.2 million represents the amortization of the discount from the underwriter's discounts and offering costs. At June 30, 2013, the Company had accrued interest of \$9.6 million.

In January 2013, the interest payment due of \$2.6 million was paid as scheduled.

## **(7) Commitments and Contingencies**

### Royalty and Milestone Obligations

The Company is party to certain milestone and royalty obligations under several product development agreements, as follows:

- The 2010 active pharmaceutical ingredient, or API, supply agreement with Nisshin Pharma, Inc. ("Nisshin"), provides for minimum supply purchase obligations on behalf of the Company to enable Amarin to maintain exclusivity with each respective supplier, and to prevent potential termination of the agreement based on Company estimated minimum purchase requirements. As of June 30, 2013, the API aggregate minimum purchase obligations under this supply agreement had been achieved and as a result, the Company has no future minimum purchase obligation from Nisshin.

- In 2011, the Company entered into agreements with two additional suppliers, Chemport, Inc. (“Chemport”) and BASF (formerly Equateq Limited) for the supply of API materials for Vascepa. In 2012, the Company agreed to terms with a fourth API supplier, Slanmhor Pharmaceutical, Inc., or Slanmhor. These agreements include requirements for the suppliers to qualify their materials and facilities with applicable regulatory authorities including the FDA. The Company anticipates incurring certain costs associated with the qualification of product produced by these suppliers as described below. In each case, following qualification of the supplier for the manufacture of API for commercial sale, these agreements include annual purchase levels to enable Amarin to maintain exclusivity with each respective supplier, and to prevent potential termination of the agreements. The Company is not obligated to pay in cash any shortfall in the minimum purchase obligations pursuant to the Chemport and BASF agreements. The agreement with Slanmhor contains a provision requiring the Company to pay Slanmhor in cash for any shortfall in the minimum purchase obligations, which will become effective upon the approval for manufacture by the FDA of supply from Slanmhor. Chemport and BASF were approved by the FDA to manufacture API for commercial sale in April 2013. The Company has begun to purchase commercial supply from Chemport. BASF must complete production of validation batches before the Company will begin to purchase commercial supply. The 2011 supply agreements include commitments for the Company to fund (i) development fees up to a maximum of \$0.5 million (ii) material purchases of up to \$5.0 million for initial raw materials, which amount will be credited against future API purchases and (iii) a raw material purchase commitment of \$1.1 million. The agreement with Slanmhor provides for development fees of up to \$2.3 million and a commitment of up to \$15.0 million, which will be credited against future API material purchases. Under this agreement, during the six months ended June 30, 2013, the Company made payments of \$5.3 million to Slanmhor related to stability and technical batches and advances on future API purchases.
- Under the 2004 share repurchase agreement with Laxdale Limited, or Laxdale, upon approval of Vascepa by the FDA on July 26, 2012, the Company was required to make a milestone payment to Laxdale of £7.5 million. The Company made this payment in 2012 and capitalized this Laxdale milestone (\$11.6 million on July 26, 2012) as an intangible asset. This long-term asset is being amortized over the estimated useful life of the intellectual property the Company acquired from Laxdale and the Company recognized amortization expense of \$0.3 million during the six months ended June 30, 2013. Also under the Laxdale agreement, upon receipt of marketing approval in Europe for the first indication for Vascepa (or first indication of any product containing Amarin Neuroscience intellectual property acquired from Laxdale in 2004), the Company must make an aggregate stock or cash payment to the former shareholders of Laxdale (at the sole option of each of the sellers) of £7.5 million (approximately \$11.4 million at June 30, 2013). Also under the Laxdale agreement, upon receipt of a marketing approval in the U.S. or Europe for a further indication of Vascepa (or further indication of any other product using Amarin Neuroscience intellectual property), the Company must make an aggregate stock or cash payment (at the sole option of each of the sellers) of £5 million (approximately \$7.6 million at June 30, 2013) for each of the two potential market approvals (i.e. £10 million maximum, or approximately \$15.2 million at June 30, 2013).

The Company has no provision for any of the obligations above since the amounts are either not probable or estimable at June 30, 2013.

## **(8) Equity**

### Common stock

During the six months ended June 30, 2013 and 2012, the Company issued 319,750 and 2,485,647 shares, respectively, as a result of the exercise of stock options, resulting in gross and net proceeds of \$0.5 million and gross and net proceeds of \$6.7 million, respectively. In addition, during the six months ended June 30, 2013 and 2012, the Company issued 70,000 and 9,812,622 shares, respectively, as a result of the exercise of warrants, resulting in gross and net proceeds of \$0.1 million in 2013 and gross proceeds of \$15.0 million and net proceeds of \$14.9 million in 2012.

In January 2013, the Company granted 434,875 restricted stock units, or RSUs, to several employees under the Amarin Corporation plc 2011 Stock Incentive Plan. These RSUs vest upon the achievement of certain operational milestones and expire on August 3, 2015 if none of the milestones are achieved by such date. The RSUs will become fully vested upon a change of control of the Company. Upon vesting of each RSU, the participant shall be entitled to a payment equal to the fair market value of one share of Amarin common stock. The payment shall be paid to the participant in cash, or at the sole discretion of the Compensation Committee in shares or a combination of cash or shares. The fair value of the RSUs was determined on the date of grant, and compensation expense related to the RSUs is recognized once the related milestone is deemed probable. The Company recorded no expense during the period ended June 30, 2013 related to the vesting of these RSUs.

In February 2012, the Company granted 584,400 RSUs to several employees under the Amarin Corporation plc 2011 Stock Incentive Plan. These RSUs vest upon the achievement of certain regulatory and time-based milestones and expire on February 1, 2015 if none of the milestones are achieved by such date. The RSUs will become fully vested upon a change of control of the Company. Upon vesting of each RSU, the participant shall be entitled to a payment equal to the fair market value of one share of Amarin common stock. The payment shall be

paid to the participant in cash, or at the sole discretion of the Compensation Committee in shares or a combination of cash or shares. The fair value of the RSUs was determined on the date of grant, and compensation expense related to the RSUs is recognized once the related milestone is deemed probable. During the six months ended June 30, 2013 and 2012, the Company recorded expense of \$0.3 million and \$1.0 million, respectively, related to the vesting of these RSUs.

**(9) Subsequent Event**

On July 9, 2013, at the Company's annual general meeting of shareholders, a special shareholder resolution was adopted, as proposed by the Company, approving an amendment to the Company's Articles of Association to remove a limitation on borrowing applicable to the Company. Accordingly, such limitation on borrowing has been removed from the Company's Articles of Association and is no longer in effect.

On July 12, 2013, the Company completed a public offering of 21,700,000 ADSs. The underwriters purchased the ADSs from Amarin at a price of \$5.60 per ADS, resulting in net proceeds to Amarin of approximately \$121.1 million, after deducting estimated offering expenses payable by the Company. Amarin has also granted the underwriters a 30-day option to purchase an additional 3,255,000 ADSs. The stated use of proceeds in connection with this offering were as follows: primarily to continue the commercial launch of Vascepa capsules in the MARINE indication, prepare for and commercially launch Vascepa in the ANCHOR indication, if approved, advance the Company's REDUCE-IT cardiovascular outcomes trial, and for general corporate and working capital purposes.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements reflect our plans, estimates and beliefs. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "would" and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Because of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not transpire. We discuss many of these risks in Part I, Item 1A under the heading "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and below under Part II, Item 1A, "Risk Factors".*

*Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this document. You should read this document with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.*

**Overview**

We are a biopharmaceutical company with expertise in lipid science focused on the commercialization and development of therapeutics to improve cardiovascular health. On July 26, 2012, we received U.S. Food and Drug Administration, or FDA, approval to market and sell our lead product Vascepa® (icosapent ethyl) capsules (formerly known as AMR 101) as an adjunct to diet to reduce triglyceride levels in adult patients with severe (TG  $\geq$ 500mg/dL) hypertriglyceridemia, which we sometimes refer to as the MARINE indication. Triglycerides are fats in the blood. Vascepa became commercially available in the United States by prescription in January 2013, when we commenced sales and shipments to its network of U.S.-based wholesalers and specialty pharmacy providers. On January 28, 2013, we commenced our full commercial launch of Vascepa in the United States for use in the MARINE indication with approximately 275 sales representatives.

We are also developing Vascepa for the treatment of patients with high triglyceride levels (TG  $\geq$ 200 mg/dL and  $<$ 500 mg/dL) who are also on statin therapy for elevated LDL-C levels. This indication is referred to as mixed dyslipidemia or the ANCHOR indication. In February 2013, we submitted a supplemental New Drug Application, or sNDA, to the FDA seeking approval of Vascepa for the ANCHOR indication. In April 2013, the FDA notified us that it accepted the sNDA for review. The acceptance of the sNDA indicates that the application is sufficiently complete to permit a substantive review by the FDA. On June 18, 2013, the FDA informed us that it plans to convene an advisory committee on October 16, 2013 to review our sNDA seeking approval for the marketing and sale of Vascepa for the treatment of patients with high triglyceride levels (TG  $\geq$ 200 mg/dL and  $<$ 500 mg/dL) who are also on statin therapy for elevated LDL-C levels. The FDA will consider the recommendation of the advisory committee, but the final decision regarding the approval of the sNDA will be made by the FDA. The application is subject to a standard review and has been assigned a Prescription Drug User Fee Act, or PDUFA, date of December 20, 2013. The PDUFA date is the target date for the FDA to complete its review of the sNDA. However, there can be no assurance that the FDA will complete its review of the sNDA by this date.

In December 2011 we announced commencement of patient dosing in our cardiovascular outcomes study of Vascepa, titled REDUCE-IT (Reduction of Cardiovascular Events with EPA – Intervention Trial), which is designed to evaluate the efficacy of Vascepa in reducing major cardiovascular events in a high risk patient population on statin therapy. We do not believe the final results of the REDUCE-IT study will be required for FDA approval of Vascepa for the ANCHOR indication, although there can be no assurance that this will be the case.

Hypertriglyceridemia refers to a condition in which patients have high levels of triglycerides in the bloodstream. It is estimated that over 40 million adults in the United States have elevated triglyceride levels (TG  $\geq$ 200mg/dL) and approximately 4.0 million people in the United States have severely high triglyceride levels (TG  $\geq$ 500mg/dL), commonly known as very high triglyceride levels. According to *The American Heart Association Scientific Statement on Triglycerides and Cardiovascular Disease* (2011), triglycerides also provide important information as a marker associated with the risk for heart disease and stroke, especially when an individual also has low high-density lipoprotein cholesterol, or HDL-C (often referred to as "good" cholesterol), and elevated levels of LDL-C (often referred to as "bad" cholesterol). Guidelines for the management of very high triglyceride levels suggest that reducing triglyceride levels is the primary goal in patients to reduce the risk of acute pancreatitis. The effect of Vascepa on cardiovascular mortality and morbidity, or the risk for pancreatitis, in patients with hypertriglyceridemia has not been determined.

The potential efficacy and safety of Vascepa was studied in the MARINE trial and the ANCHOR trial, each of which were Phase 3 clinical trials. At a daily dose of 4 grams of Vascepa, the dose at which Vascepa is FDA-approved for the MARINE indication, these trials showed favorable clinical results in their respective patient populations in reducing triglyceride levels without increasing LDL-C levels in the MARINE trial and with a statistically significant decrease in LDL-C levels in the ANCHOR trial, in each case as compared to placebo. These trials also showed favorable results, particularly with the 4-gram dose of Vascepa, in other important lipid and inflammation biomarkers, including apolipoprotein B (apo B), non-high-density lipoprotein cholesterol (non-HDL-C), total-cholesterol (TC), very low-density

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lipoprotein cholesterol (VLDL-C), lipoprotein-associated phospholipase A2 (Lp-PLA2), and high sensitivity C-reactive protein (hs-CRP). In these trials, the most commonly reported adverse reaction (incidence >2% and greater than placebo) in patients treated with Vascepa was arthralgia (joint pain) (2.3% for Vascepa vs. 1.0% for placebo).

### *Commercialization Update*

Vascepa became commercially available in the United States by prescription in January 2013 when we commenced sales and shipments to our network of U.S.-based wholesalers. On January 28, 2013, we commenced our full commercial launch of Vascepa in the United States. In preparation for our commercial launch, we hired and trained a direct sales force of approximately 275 sales representatives. We also employ various marketing and medical affairs personnel to support our commercialization of Vascepa.

In June 2013, we completed our fifth full calendar month of marketing and selling Vascepa. Based on monthly compilations of data provided by a third party, the estimated number of normalized total Vascepa prescriptions (TRx) for the first five calendar months of 2013 were as follows: 3,224 (February); 7,260 (March); 12,314 (April); 16,076 (May); and 18,945 (June). Normalized total prescriptions represent the estimated total number of Vascepa prescriptions shipped to patients, calculated on a normalized basis (i.e., total capsules shipped divided by 120 capsules, or one month's supply). The data reported above is based on information made available to us from a third party resource and may be subject to adjustment and may overstate or understate actual prescriptions.

As of July 31, 2013, over 9,000 clinicians had written prescriptions for Vascepa.

Although we believe these data are prepared on a period-to-period basis in a manner that is generally consistent and that such results are generally indicative of current prescription trends, these data are based on estimates and should not be relied upon as definitive. In addition, because of our limited selling history, during the six months ended June 30, 2013, we only recognized revenue on product that was resold for purposes of filling prescriptions. Those prescription data may differ from data reported by other third parties.

Prior to commencing our U.S. commercial launch of Vascepa in January 2013, we had no revenue from Vascepa. Because of our limited selling history, we do not believe that we can provide a reasonably accurate forecast of Vascepa prescriptions or revenues. We provide no guidance regarding anticipated levels of Vascepa prescriptions or revenues and no such guidance should be inferred from the operating metrics described above. We believe that investors should view the above-referenced operating metrics with caution, as data for this limited period may not be representative of a trend consistent with the results presented or otherwise predictive of future results. Seasonal fluctuations in pharmaceutical sales, for example, may affect future prescription trends of Vascepa, as could changes in prescriber sentiment and other factors. We believe investors should consider our results over several quarters, or longer, before making an assessment about potential future performance.

The commercial launch of a new pharmaceutical product is a complex undertaking, and our ability to effectively and profitably launch Vascepa will depend in part on our ability to generate market demand for Vascepa through education, marketing and sales activities, our ability to achieve market acceptance of Vascepa, our ability to generate product revenue and our ability to receive adequate levels of reimbursement from third-party payers. See "*Risk Factors—Risks Related to the Commercialization and Development of Vascepa.*"

### *Commercial Supply Update*

During the six months ended June 30, 2013, we acquired approximately \$16.3 million of Vascepa active pharmaceutical ingredient, or API, of which approximately \$13.3 million was capitalized to inventory as of June 30, 2013. The balance of such Vascepa API was included as a component of research and development expense because it was received from suppliers that had not yet been qualified by the FDA. In April 2013, the FDA approved our sNDAs covering Chemport, Inc. and BASF (formerly Eunateq Limited) as additional Vascepa API suppliers. We are working with Slanmhor Pharmaceuticals, Inc. to pursue FDA approval for Slanmhor to manufacture Vascepa API. Until an API supplier is approved, all Vascepa API purchased from such supplier is included as a component of research and development expense.

We anticipate continuing to make substantial purchases of supply during 2013 and beyond. We anticipate that our gross margin from Vascepa sales will be lower in 2013 than in subsequent years due to multiple factors, including API supply pricing with our earliest approved supplier, Nisshin. This is the case particularly as it relates to our earliest volume of purchases from Nisshin, being higher than supply pricing later agreed with other suppliers, tiered supply pricing at certain suppliers such that cost per kilogram of supply purchases are scheduled to decline as volume of purchases increase, recent improvement in currency exchange rates, geographic location of our suppliers, special initial stocking discounts provided to wholesalers and pharmacies to encourage them to stock Vascepa in advance of Vascepa's January 2013 commercial launch, and rebate cards offered to consumers filling prescriptions for Vascepa to reduce the size of the consumer's co-payment requirements while we work with payors to migrate Vascepa coverage from "tier-3" to "tier-2" in these payors' drug pricing systems. We anticipate rebate amounts that we will agree to provide payors for tier-2 insurance coverage on sales of Vascepa will cost us less than costs under our current rebate card program.

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### *Financial Position*

We believe that our cash and cash equivalents balance of \$149.4 million at June 30, 2013, as well as the \$121.1 million in estimated net proceeds received from our offering of ADSs in July 2013 will be sufficient to fund our projected operations for at least the next twelve months.

### **Financial Operations Overview**

**Revenue.** All of our revenue is derived from product sales of Vascepa, net of allowances, discounts, incentives, rebates, chargebacks and returns. We sell product to a limited number of major wholesalers, as well as selected regional wholesalers and specialty pharmacy providers, or collectively, our Distributors, who resell the product to retail pharmacies for purposes of their reselling the product to fill patient prescriptions. In accordance with GAAP, until we have the ability to reliably estimate returns of Vascepa from our Distributors, revenue will be recognized based on the resale of Vascepa for the purposes of filling patient prescriptions, and not based on sales from us to such Distributors. Consistent with industry practice, once we achieve sufficient history such that we can reliably estimate returns based on sales to our Distributors, we anticipate that our revenues will be recognized based on sales to our Distributors. We currently defer Vascepa revenue recognition until the earlier of the product being resold for purposes of filling patient prescriptions; and the expiration of the right of return (twelve months after the expiration date of the product). We also defer the related cost of product sales and record such amounts as finished goods inventory held by others until revenue related to such product sales is recognized. As of June 30, 2013, we had experienced no product returns.

**Cost of Goods Sold.** Cost of goods sold includes the cost of API for Vascepa on which revenue was recognized during the period, as well as the associated costs for encapsulation, packaging, shipment, supply management, insurance and quality assurance. The cost of the API included in cost of goods sold reflects the average cost method of inventory valuation and relief. This average cost reflects the actual purchase price of Vascepa API, the majority of which through June 30, 2013 was from Nisshin, our first approved API supplier.

**Research and Development Expense.** Research and development expense consists primarily of fees paid to professional service providers in conjunction with independent monitoring of our clinical trials and acquiring and evaluating data in conjunction with our clinical trials, fees paid to independent researchers, costs of qualifying unapproved contract manufacturers, services expenses incurred in developing and testing products and product candidates, salaries and related expenses for personnel, including stock-based compensation expense, costs of materials, depreciation, rent, utilities and other facilities costs. In addition, research and development expenses include the cost to support current development efforts, including patent costs and milestone payments. We expense research and development costs as incurred.

**Selling, General and Administrative Expense.** Selling, general and administrative expense consists primarily of salaries and other related costs for personnel, including stock-based compensation expense, in our sales, marketing, executive, business development, finance and information technology functions. Other costs primarily include facility costs and professional fees for accounting, consulting and legal services.

**Interest and Other (Expense) Income, Net.** Interest expense consists of interest incurred under lease obligations, interest incurred under our 3.5% exchangeable debt and interest incurred under our December 2012 financing arrangement with BioPharma Secured Debt Fund II Holdings Cayman LP, or BioPharma. Interest expense under our 3.5% exchangeable debt includes the amortization of the conversion option related to our exchangeable debt, the amortization of the related debt discount and debt obligation coupon interest. Interest income consists of interest earned on our cash and cash equivalents. Other (expense) income, net, consists primarily of foreign exchange losses and gains.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements and notes, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, we evaluate our estimates and judgments, including those related to derivative financial liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A summary of our significant accounting policies is contained in Note 2 to our consolidated financial statements included elsewhere in this Quarterly Report. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

**Revenue Recognition**—We sell Vascepa principally to a limited number of Distributors, that in turn resell Vascepa to retail pharmacies that subsequently resell it to patients and health care providers. In accordance with GAAP, our revenue recognition policy requires that: (i) there is persuasive evidence that an arrangement exists between us and the Distributor, (ii) delivery has occurred, (iii) collectability is reasonably assured and (iii) the price is fixed or determinable.

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We began recognizing revenue from the sale of Vascepa following our commercial launch in the United States in January 2013. Prior to 2013, we recognized no revenue from Vascepa sales. In accordance with GAAP, until we have the ability to reliably estimate returns of Vascepa from our Distributors, revenue will be recognized based on the resale of Vascepa for the purposes of filling patient prescriptions, and not based on sales from us to such Distributors. Consistent with industry practice, once we achieve sufficient history such that we can reliably estimate returns based on sales to our Distributors, we anticipate that our revenues will be recognized based on sales to our Distributors. We currently defer Vascepa revenue recognition until the earlier of the product being resold for purposes of filling patient prescriptions; and the expiration of the right of return (twelve months after the expiration date of the product). We also defer the related cost of product sales and record such amounts as finished goods inventory held by others until revenue related to such product sales is recognized. As of June 30, 2013, we had experienced no product returns.

We have written contracts with our Distributors, and delivery occurs when a Distributor receives Vascepa. We evaluate the creditworthiness of each of our Distributors to determine whether revenues can be recognized upon delivery, subject to satisfaction of the other requirements, or whether recognition is required to be delayed until receipt of payment. In order to conclude that the price is fixed or determinable, we must be able to (i) calculate our gross product revenues from the sales to Distributors and (ii) reasonably estimate our net product revenues. We calculate gross product revenues based on the wholesale acquisition cost that we charge our Distributors for Vascepa. We estimate our net product revenues by deducting from our gross product revenues (a) trade allowances, such as invoice discounts for prompt payment and distributor fees, (b) estimated government and private payor rebates, chargebacks and discounts, such as Medicaid reimbursements, (c) reserves for expected product returns and (d) estimated costs of incentives offered to certain indirect customers, including patients.

**Derivative Financial Liabilities**—Derivative financial liabilities on initial recognition are recorded at fair value. They are subsequently held at fair value, with gains and losses arising for changes in fair value recognized in the statement of operations. The fair value of derivative financial liabilities is determined using valuation techniques; typically we use the Black-Scholes option pricing model. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. Fluctuations in the assumptions used in the valuation model would result in adjustments to the fair value of the warrant derivative liability reflected on our balance sheet and, therefore, our statement of operations. If we issue shares to discharge the liability, the derivative financial liability is derecognized and common stock and additional paid-in capital are recognized on the issuance of those shares. For options and warrants treated as derivative financial liabilities, at settlement date the carrying value of the options and warrants are transferred to equity. The cash proceeds received from shareholders for additional shares are recorded in common stock and additional paid-in capital. We recorded a financial derivative related the change in control provision associated with our December 2012 debt financing. During 2013 we recorded a derivative on our forward foreign exchange contracts. The fair value of these derivatives could fluctuate based on changes in the assumptions used in the valuation models.

**Inventory Capitalization**—Prior to July 26, 2012, when we received approval from the FDA to market and sell Vascepa in the United States for the MARINE indication, Vascepa was considered a product candidate under development. All supply of Vascepa purchased prior to July 26, 2012 was not capitalized and instead charged as a component of research and development expense in the period received. After Vascepa was approved, we began to capitalize inventory purchased from Nisshin, the API supplier approved in the NDA. Prior to April 2013, only Nisshin was an FDA-approved supplier of API for Vascepa. In April 2013, the FDA approved our sNDAs covering Chemport and BASF as additional Vascepa API suppliers. All supply from Chemport and BASF prior to FDA approval of these API suppliers was not capitalized and instead charged as a component of research and development expense in the period received. Subsequent to the approval of these suppliers, we capitalize API purchases from them. We are working with Slanmhor to pursue FDA approval for Slanmhor to manufacture Vascepa API. Until an API supplier is approved, all Vascepa API purchased from such supplier is included as a component of research and development expense. Upon sNDA approval of each additional supplier, we capitalize subsequent Vascepa API purchases from such supplier as inventory. Purchases of Vascepa API received and expensed before such regulatory approvals are not subsequently capitalized, and all such purchases are quarantined and not used for commercial supply until such time as the sNDA for the supplier that produced the API is approved.

## **Recent Accounting Pronouncements**

From time to time, new accounting pronouncements are issued by FASB and are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued accounting pronouncements will not have a material impact on consolidated financial position, results of operations, and cash flows, or do not apply to our operations.

## **Results of Operations**

### ***Comparison of Three Months Ended June 30, 2013 versus June 30, 2012***

**Revenue.** We recorded revenue of \$5.5 million during the three months ended June 30, 2013. We commenced our full commercial launch of Vascepa in the United States for use in the MARINE indication on January 28, 2013. We recorded no revenue in 2012. All of our revenue in the three months ended June 30, 2013 was derived from product sales of Vascepa, net of allowances, discounts, incentives, rebates, chargebacks and returns.

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We sell Vascepa to Distributors. In accordance with our revenue recognition policy, until we have more experience with the sale of Vascepa and can better estimate product returns, we currently recognize revenue only for product which has been used for of the purpose of filling prescriptions. During the three month period ended June 30, 2013, we invoiced Distributors for \$6.1 million. The excess of the amount billed and the amount recognized as revenue for the three months ended June 30, 2013, net of applicable discounts and rebates, has been recorded as deferred revenue.

During the three months ended June 30, 2013, our net product revenues included an adjustment for co-pay mitigation rebates provided by us to commercially insured patients. Such rebates are intended to offset the differential for patients of Vascepa not covered by commercial insurers at the time of launch on tier 2, resulting in higher co-pay amounts for such patients. Our cost for these co-payment mitigation rebates is up to \$75 dollars per prescription filled during 2013. Commencing in March and April 2013, certain third-party payors added Vascepa to their tier 2 coverage, which results in lower co-payments for patients covered by these third-party payors. As of August 1, 2013, approximately 72 million lives covered by medical insurance were under insurance plans that have added Vascepa to their tier 2 coverage. In connection with the start of such tier 2 coverage, we have agreed to pay customary rebates to these third-party payors on the resale of Vascepa to patients covered by these third-party payors.

As is typical for the pharmaceutical industry, the majority of Vascepa sales are to major commercial wholesalers which then resell Vascepa to retail pharmacies. As of July 31, 2013, over 9,000 clinicians had written prescriptions for Vascepa. As of June 30, 2013, we are not aware of any clinician who is responsible for 10% or more of the aggregate prescriptions written for Vascepa.

**Cost of Goods Sold.** Cost of goods sold during the three months ended June 30, 2013 was \$2.8 million, and includes the cost of API for Vascepa on which revenue was recognized during the period, as well as the associated costs for encapsulation, packaging, shipment, supply management, insurance and quality assurance. The cost of the API included in cost of goods sold reflects the average cost of API included in inventory. This average cost reflects the actual purchase price of Vascepa API, as well as a portion of API carried at zero cost for material which was purchased prior to FDA approval of Vascepa on July 26, 2012. The majority of API sold during the three months ended June 30, 2013 was sourced from one API supplier. The contracted cost of supply from this API supplier for initial purchase volumes is higher than the contracted cost from our other API suppliers. Contracted purchase costs from this initial API supplier reflect that they were working with Amarin prior to commencement of the MARINE and ANCHOR clinical trials and are anticipated to decline as additional API volume is purchased. In the future, we anticipate making continued purchases from this initial supplier at substantially lower unit pricing than the pricing of the initial purchases from this supplier and to make additional lower unit cost purchases of Vascepa API from other API suppliers, including Chemport and BASF, both of which were approved by the FDA in April 2013 to produce Vascepa API. We expect that API costs will be lower in the future due to recent improvements in foreign currency exchange rates and potential advantages derived from the geographical mix of our suppliers.

**Research and Development Expense.** Research and development expense for the three months ended June 30, 2013 was \$17.5 million, versus \$14.1 million in the prior year period, an increase of \$3.4 million, or 24%. Research and development expenses for the three months ended June 30, 2013 and 2012 are summarized in the table below:

|                                                                   | Three Months Ended<br>June 30<br>(in thousands) |                 |
|-------------------------------------------------------------------|-------------------------------------------------|-----------------|
|                                                                   | 2013                                            | 2012            |
| Research and development expenses, excluding non-cash expense (1) | \$16,691                                        | \$12,924        |
| Non-cash stock based compensation expense (2)                     | 798                                             | 1,142           |
|                                                                   | <u>\$17,489</u>                                 | <u>\$14,066</u> |

- (1) Research and development expense, excluding non-cash charges, for the three months ended June 30, 2013 was \$16.7 million, versus \$12.9 million in the prior year period, an increase of \$3.8 million, or 29%. The increase in research and development expense was primarily due to costs associated with the purchase of raw materials and vendor qualification and increased clinical costs for the REDUCE-IT cardiovascular outcomes study as the rate of patient enrollment in this study increased in 2013 over 2012 levels.
- (2) Stock based compensation expense included within research and development was \$0.8 million and \$1.1 million for the three months ended June 30, 2013 and 2012, respectively.

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**Selling, General and Administrative Expense.** Selling, general and administrative expense for the three months ended June 30, 2013 was \$34.0 million, versus \$13.6 million in the prior year period, an increase of \$20.4 million, or 150%. Selling, general and administrative expenses for the three months ended June 30, 2013 and 2012 are summarized in the table below:

|                                                                               | Three Months Ended<br>June 30<br>(in thousands) |                 |
|-------------------------------------------------------------------------------|-------------------------------------------------|-----------------|
|                                                                               | 2013                                            | 2012            |
| Selling, general and administrative expenses, excluding non-cash expenses (1) | \$30,672                                        | \$ 8,085        |
| Non-cash stock based compensation expense (2)                                 | 4,292                                           | 3,692           |
| Non-cash warrant related compensation (income) expense (3)                    | (1,003)                                         | 1,858           |
|                                                                               | <u>\$33,961</u>                                 | <u>\$13,635</u> |

- (1) Selling, general and administrative expense, excluding non-cash compensation charges for stock compensation and warrants, for the three months ended June 30, 2013 was \$30.7 million, versus \$8.1 million in the prior year period, an increase of \$22.6 million, or 279%. The increase was primarily due to cost increases in 2013 for sales force staffing, an increase in marketing program spending and increased general and administrative costs incurred in connection with the initial commercialization of Vascepa.
- (2) Stock based compensation expense for the three months ended June 30, 2013 was \$4.3 million, versus \$3.7 million in the prior year period, an increase of \$0.6 million primarily reflecting an increase in the number of awards outstanding during the period ending June 30, 2013 versus the prior period.
- (3) Warrant related compensation (income) expense for the three months ended June 30, 2013 was income of \$1.0 million, versus \$1.9 million of expense in the prior year period. Warrant related compensation income for the period ended June 30, 2013 reflects a non-cash change in fair value of the warrant derivative liability associated with warrants issued in October 2009 to three former employees of Amarin. The decrease in the fair value of the warrants for the three months ended June 30, 2013 is due primarily to a decrease in our stock price between March 31, 2013 and June 30, 2013. We anticipate that the value of this warrant derivative liability may increase or decrease from period to period based upon changes in the price of our common stock. Such non-cash changes in valuation could be significant as the history of our stock price has been volatile. The gain or loss resulting from such non-cash changes in valuation could have a material impact on our reported net income or loss from period to period. In particular, if the price of our stock increases, the change in valuation of this warrant derivative liability will add to our history of operating losses.

We expect selling, general and administrative costs in 2013 to increase over 2012 levels as we continue to support the commercialization of Vascepa, including costs for market research, sales force staffing and support costs and investments in infrastructure.

**Gain (loss) on Change in Fair Value of Derivative Liabilities.** Gain (loss) on change in fair value of derivative liabilities for the three months ended June 30, 2013 was a gain of \$18.8 million versus a loss of \$18.9 million in the prior year period. Gain (loss) on change in fair value of derivative liabilities is comprised of (i) the change in fair value of the warrant derivative liability, (ii) the change in fair value of the derivative liability related to the change in control provision associated with the December 2012 BioPharma financing and (iii) an unrealized loss on foreign exchange contracts.

The warrant derivative liability is related to the change in fair value of warrants issued in conjunction with the October 2009 private placement. In October 2009 we issued 36.1 million warrants at an exercise price of \$1.50 and recorded a \$48.3 million warrant derivative liability, representing the fair value of the warrants issued. As these warrants have been classified as a derivative liability, they are revalued at each reporting period, with changes in fair value recognized in the statement of operations. The fair value of the warrant derivative liability at March 31, 2012 was \$191.4 million and we recognized an \$18.9 million loss on change in fair value of derivative liability for the three months ended June 30, 2012 for these warrants. The fair value of the warrant derivative liability at March 31, 2013 was \$49.0 million and we recognized a \$12.0 million gain on change in fair value of derivative liability for the three months ended June 30, 2013. The decrease or increase in the fair value of the warrant derivative liability is due primarily to the decrease or increase in the price of our common stock on the date of valuation.

Our December 2012 financing agreement with BioPharma contains a redemption feature whereby, upon a change of control, we would be required to pay \$140 million, less any previously repaid amount, if the change of control occurs on or before December 31, 2013, or required to repay \$150 million, less any previously repaid amount, if the change of control event occurs after December 31, 2013. The fair value of the derivative liability is recalculated at each reporting period using a probability-weighted model incorporating management estimates for potential change in control, and by determining the fair value of the debt with and without the change in control provision included. The difference between the two fair values of the debt was determined to be the fair value of the embedded derivative. At March 31, 2013, the fair value of the derivative was determined to be \$15.6 million, and at June 30, 2013, the fair value of the derivative was determined to be \$8.6 million. We recognized a \$7.0 million gain on change in fair value of derivative liability for the three months ended June 30, 2013.

We use foreign exchange forward contracts to hedge against changes in exchange rates for inventory purchases denominated in foreign currency. As of June 30, 2013 we held foreign exchange forward contracts with notional amounts totaling \$9.0 million. For the three months ended June 30, 2013, we recognized expense of \$0.1 million for a foreign exchange forward contract derivative liability, which was included as a component of change in fair value of derivative liabilities and in other current liabilities at June 30, 2013.

**Interest Expense, net.** Interest expense, net includes interest earned on cash balances, the amortization of the conversion option related to our exchangeable debt, the amortization of the related debt discount and the debt obligation coupon interest. In addition, we also recognize interest expense under our December 2012 financing agreement with BioPharma. During the three months ending June 30, 2013, we recognized interest expense of \$5.0 million related to the exchangeable debt, of which \$3.1 million represents amortization of the debt

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discount created upon allocation of proceeds to the conversion option, \$1.3 million represents contractual coupon interest, and \$0.6 million represents the amortization of the discount from the underwriter's discounts and offering costs. For the three months ended June 30, 2013, we recorded \$3.6 million and \$0.8 million of cash and non-cash interest expense, respectively, related to the BioPharma financing agreement. These recorded amounts related to the BioPharma financing reflect our expectation that our Vascepa revenue levels will be high enough to support repayment to BioPharma in accordance with the repayment schedule without the optional reduction which is allowed to be elected by us if the threshold revenue levels are not achieved. During the three months ended June 30, 2012, we recognized interest expense of \$4.5 million, of which \$2.7 million represents amortization of the debt discount, \$1.3 million represents contractual coupon interest, \$0.5 million represents the amortization of the discount from underwriters' discounts and offering costs.

*Other (Expense) Income, net.* Other income primarily includes realized losses and gains on foreign exchange transactions.

*Provision for income taxes.* Provision for income taxes primarily consists of tax obligations for one of our subsidiaries. During the three months ended June 30, 2013 and 2012, we recorded a provision for income taxes of \$0.1 million and \$2.9 million, respectively.

### ***Comparison of Six Months Ended June 30, 2013 versus June 30, 2012***

*Revenue.* We recorded revenue of \$7.8 million during the six months ended June 30, 2013. We commenced our full commercial launch of Vascepa in the United States for use in the MARINE indication on January 28, 2013. We recorded no revenue in 2012. All of our revenue in the six months ended June 30, 2013 was derived from product sales of Vascepa, net of allowances, discounts, incentives, rebates, chargebacks and returns.

We sell Vascepa to Distributors. In accordance with our revenue recognition policy, until we have more experience with the sale of Vascepa and can better estimate product returns, we currently recognize revenue only for product which has been used for purposes of filling prescriptions. During the six month period ended June 30, 2013, we invoiced Distributors for \$13.5 million. The excess of the amount billed and the amount recognized as revenue for the six months ended June 30, 2013, net of applicable discounts and rebates, has been recorded as deferred revenue.

During the six months ended June 30, 2013, our net product revenues included an adjustment for co-pay mitigation rebates provided by us to commercially insured patients. Such rebates are intended to offset the differential for patients of Vascepa not covered by commercial insurers at the time of launch on tier 2, resulting in higher co-pay amounts for such patients. Our cost for these co-payment mitigation rebates is up to \$75 dollars per prescription filled during 2013. Commencing in March and April 2013, certain third-party payors added Vascepa to their tier 2 coverage, which results in lower co-payments for patients covered by these third-party payors. As of August 1, 2013, approximately 72 million lives covered by medical insurance were under insurance plans that have added Vascepa to their tier 2 coverage. In connection with the start of such tier 2 coverage, we have agreed to pay customary rebates to these third-party payors on the resale of Vascepa to patients covered by these third-party payors.

As is typical for the pharmaceutical industry, the majority of Vascepa sales are to major commercial wholesalers which then resell Vascepa to retail pharmacies. As of July 31, 2013, over 9,000 clinicians had written prescriptions for Vascepa. As of June 30, 2013, we are not aware of any clinician who is responsible for 10% or more of the aggregate prescriptions written for Vascepa.

*Cost of Goods Sold.* Cost of goods sold during the six months ended June 30, 2013 was \$4.1 million, and includes the cost of API for Vascepa on which revenue was recognized during period, as well as the associated costs for encapsulation, packaging, shipment, supply management, insurance and quality assurance. The cost of the API included in cost of goods sold reflects the average cost of API included in inventory. This average cost reflects the actual purchase price of Vascepa API, as well as a portion of API carried at zero cost for material which was purchased prior to FDA approval of Vascepa on July 26, 2012. The majority of API sold during the six months ended June 30, 2013 was sourced from one API supplier. The contracted cost of supply from this API supplier for initial purchase volumes is higher than the contracted cost from our other API suppliers. Contracted purchase costs from this initial API supplier reflect that they were working with Amarin prior to commencement of the MARINE and ANCHOR clinical trials and are anticipated to decline as additional API volume is purchased. In the future, we anticipate making continued purchases from this initial supplier at substantially lower unit pricing than the pricing of the initial purchases from this supplier and to make additional lower unit cost purchases of Vascepa API from other API suppliers, including Chemport and BASF, both of which were approved by the FDA in April 2013 to produce Vascepa API. We expect that API costs will be lower in the future due to recent improvements in foreign currency exchange rates and potential advantages derived from the geographical mix of our suppliers.

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**Research and Development Expense.** Research and development expense for the six months ended June 30, 2013 was \$39.3 million, versus \$18.8 million in the prior year period, an increase of \$20.5 million, or 109%. Research and development expenses for the six months ended June 30, 2013 and 2012 are summarized in the table below:

|                                                                   | Six Months Ended<br>June 30<br>(in thousands) |                 |
|-------------------------------------------------------------------|-----------------------------------------------|-----------------|
|                                                                   | 2013                                          | 2012            |
| Research and development expenses, excluding non-cash expense (1) | \$37,715                                      | \$16,888        |
| Non-cash stock based compensation expense (2)                     | 1,612                                         | 1,934           |
|                                                                   | <u>\$39,327</u>                               | <u>\$18,822</u> |

- (1) Research and development expense, excluding non-cash charges, for the six months ended June 30, 2013 was \$37.7 million, versus \$16.9 million in the prior year period, an increase of \$20.8 million, or 123%. The increase in research and development expense was primarily due costs associated with the purchase of raw materials and vendor qualification and increased clinical costs for the REDUCE-IT cardiovascular outcomes study, as the rate of patient enrollment in this study increased in 2013 over 2012 levels.
- (2) Stock based compensation expense included within research and development was \$1.6 million and \$1.9 million for the six months ended June 30, 2013 and 2012, respectively.

**Selling, General and Administrative Expense.** Marketing, general and administrative expense for the six months ended June 30, 2013 was \$73.2 million, versus \$27.7 million in the prior year period, an increase of \$45.5 million, or 164%. Selling, general and administrative expenses for the six months ended June 30, 2013 and 2012 are summarized in the table below:

|                                                                               | Six Months Ended<br>June 30<br>(in thousands) |                 |
|-------------------------------------------------------------------------------|-----------------------------------------------|-----------------|
|                                                                               | 2013                                          | 2012            |
| Selling, general and administrative expenses, excluding non-cash expenses (1) | \$66,331                                      | \$16,656        |
| Non-cash stock based compensation expense (2)                                 | 8,352                                         | 6,774           |
| Non-cash warrant related compensation expense (income) (3)                    | (1,455)                                       | 4,232           |
|                                                                               | <u>\$73,228</u>                               | <u>\$27,662</u> |

- (1) Selling, general and administrative expense, excluding non-cash compensation charges for stock compensation and warrants, for the six months ended June 30, 2013 was \$66.3 million, versus \$16.7 million in the prior year period, an increase of \$49.6 million, or 297%. The increase was primarily due to cost increases in 2013 for sales force staffing, an increase in marketing program spending and increased general and administrative costs incurred in connection with the initial commercialization of Vascepa.
- (2) Stock based compensation expense for the six months ended June 30, 2013 was \$8.4 million, versus \$6.8 million in the prior year period, an increase of \$1.6 million primarily reflecting an increase in the number of awards outstanding during the period ending June 30, 2013 versus the prior period.
- (3) Warrant related compensation (income) expense for the six months ended June 30, 2013 was income of \$1.5 million, versus expense of \$4.2 million in the prior year period. Warrant related compensation expense for the period ended June 30, 2013 reflects a non-cash change in fair value of the warrant derivative liability associated with warrants issued in October 2009 to three former employees of Amarin, net of warrants exercised. The decrease in the fair value of the warrants for the six months ended June 30, 2013 is due primarily to a decrease in our stock price between December 31, 2012 and June 30, 2013. We anticipate that the value of this warrant derivative liability may increase or decrease from period to period based upon changes in the price of our common stock. Such non-cash changes in valuation could be significant as the history of our stock price has been volatile. The gain or loss resulting from such non-cash changes in valuation could have a material impact on our reported net income or loss from period to period. In particular, if the price of our stock increases, the change in valuation of this warrant derivative liability will add to our history of operating losses.

We expect selling, general and administrative costs in 2013 to increase over 2012 levels as we continue to support the commercialization of Vascepa, including costs for market research, sales force staffing and support costs and investments in infrastructure.

**Gain (loss) on Change in Fair Value of Derivative Liabilities.** Gain (loss) on change in fair value of derivative liabilities for the six months ended June 30, 2013 was a gain of \$22.5 million versus a loss of \$85.1 million in the prior year period. Gain (loss) on change in fair value of derivative liabilities in comprised of (i) the change in fair value of the warrant derivative liability, (ii) the change in fair value of the derivative liability related to the change in control provision associated with the December 2012 BioPharma financing and (iii) an unrealized loss on foreign exchange contracts.

The warrant derivative liability is related to the change in fair value of warrants issued in conjunction with the October 2009 private placement. In October 2009 we issued 36.1 million warrants at an exercise price of \$1.50 and recorded a \$48.3 million warrant derivative liability, representing the fair value of the warrants issued. As these warrants have been classified as a derivative liability, they are revalued at each reporting period, with changes in fair value recognized in the statement of operations. The fair value of the warrant derivative liability at

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December 31, 2012 was \$54.9 million and we recognized a \$17.4 million gain on change in fair value of derivative liability for the six months ended June 30, 2013 for these warrants. The fair value of the warrant derivative liability at December 31, 2011 was \$123.1 million and we recognized a \$85.1 million loss on change in fair value of derivative liability for the six months ended June 30, 2012. The decrease or increase in the fair value of the warrant derivative liability is due primarily to the decrease or increase in the price of our common stock on the date of valuation.

Our December 2012 financing agreement with BioPharma contains a redemption feature whereby, upon a change of control, we would be required to pay \$140 million, less any previously repaid amount, if the change of control occurs on or before December 31, 2013, or required to repay \$150 million, less any previously repaid amount, if the change of control event occurs after December 31, 2013. The fair value of the derivative liability is recalculated at each reporting period using a probability-weighted model incorporating management estimates for potential change in control, and by determining the fair value of the debt with and without the change in control provision included. The difference between the two fair values of the debt was determined to be the fair value of the embedded derivative. At December 31, 2012, the fair value of the derivative was determined to be \$14.6 million, and at June 30, 2013, the fair value of the derivative was determined to be \$8.6 million. We recognized a \$6.0 million gain on change in fair value of derivative liability for the six months ended June 30, 2013.

We use foreign exchange forward contracts to hedge against changes in exchange rates for inventory purchases denominated in foreign currency. As of June 30, 2013 we held foreign exchange forward contracts with notional amounts totaling \$9.0 million. For the six months ended June 30, 2013, we recognized expense of \$0.9 million for a foreign exchange forward contract derivative liability, which was included as a component of change in fair value of derivative liabilities and in other current liabilities at June 30, 2013.

*Interest Expense, net.* Interest expense, net includes interest earned on cash balances, the amortization of the conversion option related to our exchangeable debt, the amortization of the related debt discount and the debt obligation coupon interest. In addition, we also recognize interest expense under our December 2012 financing agreement with BioPharma. During the six months ending June 30, 2013, we recognized interest expense of \$9.8 million related to the exchangeable debt, of which \$6.0 million represents amortization of the debt discount created upon allocation of proceeds to the conversion option, \$2.6 million represents contractual coupon interest, and \$1.2 million represents the amortization of the discount from the underwriter's discounts and offering costs. For the six months ended June 30, 2013, we recorded \$7.0 million and \$1.5 million of cash and non-cash interest expense, respectively, related to the BioPharma financing agreement. These recorded amounts related to the BioPharma financing reflect the Company's expectation that its Vascepa revenue levels will be high enough to support repayment to BioPharma in accordance with the repayment schedule without the optional reduction which is allowed to be elected by the Company if the threshold revenue levels are not achieved. During the six months ended June 30, 2012, we recognized interest expense of \$8.5 million, of which \$5.0 million represents amortization of the debt discount, \$2.5 million represents contractual coupon interest, \$1.0 million represents the amortization of the discount from underwriters' discounts and offering costs.

*Other (Expense) Income, net.* Other income primarily includes realized gains and losses on foreign exchange transactions.

*Provision for income taxes.* Provision for income taxes primarily consists of tax obligations for one of our subsidiaries. During the six months ended June 30, 2013 and 2012, we recorded a benefit from incomes taxes of \$3.2 million and a provision for income taxes of \$2.3 million, respectively.

## **Liquidity and Capital Resources**

Our sources of liquidity as of June 30, 2013 include cash and cash equivalents of \$149.4 million. On July 12, 2013, we completed a public offering of 21,700,000 American Depositary Shares, or ADSs. The underwriters purchased the ADSs from us at a price of \$5.60 per ADS, resulting in net proceeds to us of approximately \$121.1 million, after deducting estimated offering expenses payable by the Company. We also granted the underwriters a 30-day option to purchase an additional 3,255,000 ADSs. We intend to use the net proceeds from this offering primarily to continue the commercial launch of Vascepa capsules in the MARINE indication, prepare for and commercially launch Vascepa in the ANCHOR indication, if approved, advance our REDUCE-IT cardiovascular outcomes trial, and for general corporate and working capital purposes. Our cash flows from operating, investing and financing activities, as reflected in the consolidated statements of cash flows, are summarized in the following table (in millions):

|                                                   | Six Months Ended June 30, |                 |
|---------------------------------------------------|---------------------------|-----------------|
|                                                   | 2013                      | 2012            |
| Cash (used in) provided by continuing operations: |                           |                 |
| Operating activities                              | \$ (112.4)                | \$ (39.1)       |
| Investing activities                              | —                         | (1.1)           |
| Financing activities                              | 1.6                       | 173.9           |
| (Decrease) increase in cash and cash equivalents  | <u>\$ (110.8)</u>         | <u>\$ 133.7</u> |

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We estimate that during the second half of 2013 our operating activities will use cash at a rate which is less than reported for the six months ended June 30, 2013.

On December 6, 2012 we entered into a financing agreement with BioPharma. Under this agreement, we granted to BioPharma a security interest in future receivables and all related rights to Vascepa, in exchange for \$100 million received at the closing of the agreement which closing occurred in December 2012. We have agreed to repay BioPharma up to \$150 million of future revenue and receivables. The first repayment under the agreement is a repayment of \$2.5 million of interest due to BioPharma in November 2013, subject to the limitation described below. Additional quarterly repayments are due thereafter in accordance with the following schedule: \$2.5 million of interest in the first quarter of 2014; \$8.0 million per quarter in each of the next four quarters, \$10.0 million per quarter in each of the next four quarters, \$15.0 million per quarter in each of the next four quarters and a final payment of \$13.0 million due in May 2017. The quarterly repayments through the third quarter of September 2014 represent interest only. Quarterly payments do not begin to reduce the principal balance until the fourth quarter of 2014. These quarterly payments are subject to a quarterly threshold amount whereby, if a calculated threshold, based on quarterly Vascepa revenues, is not achieved, the quarterly payment payable in that quarter can at our election be reduced and with the reduction carried forward without interest for payment in a future period. Payment of such carried forward amounts are subject to similarly calculated threshold repayment amounts based on Vascepa revenue levels. Except upon a change of control in Amarin, the agreement does not expire until \$150 million has been repaid. Under the agreement, upon a change of control, we would be required to pay \$140 million, less any previously repaid amount, if the change of control occurs on or before December 31, 2013, or required to repay \$150 million, less any previously repaid amount, if the change of control event occurs after December 31, 2013. We can prepay after October 1, 2013, an amount equal to \$150 million less any previously repaid amount.

On January 9, 2012, Amarin, through our wholly-owned subsidiary Corsicanto Limited, or Corsicanto, a private limited company incorporated under the laws of Ireland, completed a private placement of \$150.0 in aggregate principal amount of its 3.50% exchangeable senior notes due 2032. The proceeds we received from the January 2012 debt offering were approximately \$144.3 million, net of fees and transaction costs. These notes were issued pursuant to an indenture dated as of January 9, 2012, by and among Corsicanto, us as guarantor, and Wells Fargo Bank, National Association, as trustee. The notes are the senior unsecured obligations of Corsicanto and are guaranteed by us. The notes bear interest at a rate of 3.50% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2012. The notes mature on January 15, 2032, unless earlier repurchased, redeemed or exchanged. On or after January 19, 2017, we may elect to redeem for cash all or a portion of the notes for the principal amount of the notes plus accrued and unpaid interest. On each of January 19, 2017, January 19, 2022 and January 19, 2027, the holders of the notes may require that we repurchase in cash the principal amount of the notes plus accrued and unpaid interest. At any time prior to January 15, 2032, upon certain circumstances, which circumstances include our issuing a notice of redemption to the note holders, the price of our shares trading above 130% of the exchange price, or certain other events defined in the note agreement, the holders of the notes may elect to convert the notes. The exchange rate for conversion is 113.4752 ADSs per \$1,000 principal amount of the notes (equivalent to an initial exchange price of approximately \$8.8125 per ADS), subject to adjustment in certain circumstances, including adjustment if we pay cash dividends. Upon exchange, the notes may be settled, at our election, subject to certain conditions, in cash, ADSs or a combination of cash and ADSs.

We believe that our cash and cash equivalents balance of \$149.4 million at June 30, 2013, as well as \$121.1 million in estimated net proceeds from our offering of ADSs in July 2013 will be sufficient to fund our projected operations for at least the next twelve months.

## Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2013 and the effects such obligations are expected to have on our liquidity and cash flows in future periods (in millions):

### Payments Due by Period

|                                                        | <u>Total</u>   | <u>2013</u>   | <u>2014<br/>to 2015</u> | <u>2016<br/>to 2017</u> | <u>After 2017</u> |
|--------------------------------------------------------|----------------|---------------|-------------------------|-------------------------|-------------------|
| Contractual Obligations:                               |                |               |                         |                         |                   |
| Purchase obligations (1)                               | \$ —           | \$—           | \$ —                    | \$ —                    | \$ —              |
| Operating lease obligations (2)                        | 3.6            | 0.4           | 1.6                     | 1.4                     | 0.2               |
| Interest payment obligations—exchangeable debt (3)     | 5.2            | 2.6           | 2.6                     | —                       | —                 |
| Principal & Interest payment obligations—BioPharma (4) | 150.0          | 2.5           | 64.5                    | 83.0                    | —                 |
| Total contractual cash obligations                     | <u>\$158.8</u> | <u>\$ 5.5</u> | <u>\$68.7</u>           | <u>\$84.4</u>           | <u>\$ 0.2</u>     |

- (1) We have agreements with API suppliers which include minimum annual purchase levels to enable Amarin to maintain exclusivity with each respective supplier, and to prevent potential termination of the agreements based on Company estimated minimum purchase requirements. Except under our API agreement with Slamnor, we are not obligated to pay in cash any shortfall in the minimum purchase obligations pursuant to its supply agreements.
- (2) Represents operating lease costs, primarily consisting of leases for facilities in Dublin, Ireland, Bedminster, NJ and Groton, CT.

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- (3) Represents interest payments due under the terms of our 3.5% exchangeable senior notes (“notes”) due 2032, assuming they remain outstanding for 24 months and have not been exchanged for ADRs. The above table does not reflect the repayment of the \$150.0 million notes as they may be exchanged for ADRs.
- (4) Represents principal and interest payments that we anticipate paying under the terms of the agreement entered into with BioPharma. Under this agreement, we granted to BioPharma a security interest in future receivables and all rights to Vascepa, in exchange for \$100 million received at the closing of the agreement which closing occurred in December 2012. We have agreed to repay BioPharma up to \$150 million of future revenue and receivables. The first repayment under the agreement is a payment of \$2.5 million of interest due to BioPharma in November 2013, subject to the limitation described below. Additional quarterly repayments are due thereafter in accordance with the following schedule: \$2.5 million of interest in the first quarter of 2014; \$8.0 million per quarter in each of the next four quarters, \$10.0 million per quarter in each of the next four quarters, \$15.0 million per quarter in each of the next four quarters and a final payment of \$13.0 million due in May 2017. The quarterly repayments through the third quarter of September 2014 represent interest only. Quarterly payments do not begin to reduce the principal balance until the fourth quarter of 2014. These quarterly payments are subject to a quarterly threshold amount whereby, if a calculated threshold, based on quarterly Vascepa revenues, is not achieved, the quarterly payment payable in that quarter can at our election be reduced and with the reduction carried forward without interest for payment in a future period. The table above reflects payment in full of the scheduled quarterly amounts with such potential elected reductions.

We do not enter into financial instruments for trading or speculative purposes. At June 30, 2013, we had two forward exchange contracts with a notional amount of \$9.0 million to hedge payments made in foreign currency for API supply. As of June 30, 2013 we recorded an unrealized loss of \$0.9 million under these contracts.

The above table also does not reflect potential material purchases under our API supply agreements with the consortium led by Slanmhor Pharmaceuticals. In April 2013, we announced the approval by the FDA of the sNDAs covering two of our API suppliers, Chemport, Inc. and BASF (formerly Equateq Limited). These commercial supply agreements provide access to additional API supply that is incremental to supply from Nisshin, our other existing FDA-approved API supplier. Each of these additional API agreements contemplates a phased capacity expansion plan aimed at creating sufficient capacity to meet anticipated demand for API material for Vascepa following commercial launch. These API suppliers are self-funding these expansion plans with contributions from us. These agreements include requirements for the suppliers to qualify their materials and facilities. We anticipate incurring certain costs associated with the qualification of product produced by these suppliers. These agreements include annual purchase levels enabling us to maintain supply exclusivity with each respective supplier, and to prevent potential termination of the agreements. These minimum purchase levels do not contractually begin until the applicable sNDA for the supplier is approved by the FDA, if ever, and upon the achievement of manufacturing capacity expansion. Because Chemport and BASF were not approved until April 2013 and the consortium led by Slanmhor, our intended fourth API supplier, is not yet approved, these amounts are excluded from the above table. The two supply agreements entered into in 2011 with BASF and Chemport also include (i) development fees up to a maximum of \$0.5 million, (ii) material commitments of up to \$5.0 million for initial raw materials, which will be credited against future API purchases, and is refundable to us if a supplier does not successfully develop and qualify the API by a certain date, and (iii) a raw material purchase commitment of \$1.1 million. Under these agreements, during the six months ended June 30, 2013 we purchased \$1.9 million of Vascepa API from Chemport.

The agreement with Slanmhor provides for development fees of up to \$2.3 million and a commitment of up to \$15.0 million, which will be credited against future API material purchases. Under this agreement, during the six months ended June 30, 2013 we made payments of \$5.3 million to Slanmhor related to stability and technical batches and advances on future API purchases.

Under the 2004 share repurchase agreement with Laxdale Limited, or Laxdale, upon approval of Vascepa by the FDA on July 26, 2012, we were required to make a milestone payment to Laxdale of £7.5 million. We made this payment in 2012 and capitalized this Laxdale milestone (\$11.6 million on July 26, 2012) as a component of other long term assets. This long-term asset is being amortized over the estimated useful life of the intellectual property we acquired from Laxdale and we recognized amortization expense of \$0.3 million during the six months ended June 30, 2013. Also under the Laxdale agreement, upon receipt of marketing approval in Europe for the first indication for Vascepa (or first indication of any product containing Amarin Neuroscience intellectual property acquired from Laxdale in 2004), we must make an aggregate stock or cash payment to the former shareholders of Laxdale (at the sole option of each of the sellers) of £7.5 million (approximately \$11.4 million at June 30, 2013). Also under the Laxdale agreement, upon receipt of a marketing approval in the U.S. or Europe for a further indication of Vascepa (or further indication of any other product using Amarin Neuroscience intellectual property), we must make an aggregate stock or cash payment (at the sole option of each of the sellers) of £5 million (approximately \$7.6 million at June 30, 2013) for each of the two potential market approvals (i.e. £10 million maximum, or approximately \$15.2 million at June 30, 2013).

In addition to the obligations in the table above, we have recorded a liability of approximately \$0.8 million for uncertain tax positions that is classified in long-term liabilities at June 30, 2013. We are not able to reasonably estimate in which future periods these amounts will ultimately be settled.

### **Off-Balance Sheet Arrangements**

We do not have any special purpose entities or other off-balance sheet arrangements.

## **Shelf Registration Statement**

On March 29, 2011, we filed with the Securities and Exchange Commission a universal shelf registration statement on Form S-3 (Registration No. 333-173132), which provides for the offer, from time to time, of an indeterminate and unlimited amount of: ordinary shares, which may be represented by American Depositary Shares; preference shares, which may be represented by American Depositary Shares; senior or subordinated debt securities; warrants to purchase any of these securities; and any combination of these securities, individually or as units. In addition, if we identify any security holder(s) in a prospectus supplement, they may also offer identified securities under this registration statement although we will not receive any of the proceeds from the sale of securities by any of these selling security holders. This universal shelf registration statement was automatically effective upon its filing. The addition of any newly issued equity securities into the market may be dilutive to existing stockholders and new issuances by us or sales by our selling security holders could have an adverse effect on the price of our securities.

### **Item 3.        *Quantitative and Qualitative Disclosures about Market Risk***

There have been no material changes with respect to the information appearing in PART II, Item 7A “Quantitative and Qualitative Disclosures about Market Risk” of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2013.

### **Item 4.        *Controls and Procedures***

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of June 30, 2013, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of June 30, 2013, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Changes in Internal Control over Financial Reporting**

During the quarter ended June 30, 2013, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings

In the ordinary course of business, we are from time to time involved in lawsuits, claims, investigations, proceedings, and threats of litigation relating to intellectual property, commercial arrangements and other matters. While the outcome of these proceedings and claims cannot be predicted with certainty, as of June 30, 2013, we were not party to any legal or arbitration proceedings that may have, or have had in the recent past, significant effects on our financial position or profitability. No governmental proceedings are pending or, to our knowledge, contemplated against us. We are not a party to any material proceedings in which any director, member of senior management or affiliate of ours is either a party adverse to us or our subsidiaries or has a material interest adverse to us or our subsidiaries.

### Item 1A. Risk Factors

*This Quarterly Report on Form 10-Q contains forward-looking information based on our current expectations. Because our actual results may differ materially from any forward-looking statements that we make or that are made on our behalf, this section includes a discussion of important factors that could affect our actual future results, including, but not limited to, our capital resources, our ability to successfully commercially launch Vascepa, the progress and timing of our clinical programs, the safety and efficacy of our product candidates, risks associated with regulatory filings, risks associated with determinations made by regulatory agencies, the potential clinical benefits and market potential of our product candidates, commercial market estimates, future development efforts, patent protection, effects of healthcare reform, reliance on third parties, and other risks set forth below.*

*Those risk factors below denoted with a “\*” are newly added or have been materially updated from our Annual Report on 10-K filed with the Securities and Exchange Commission on February 28, 2013.*

#### Risks Related to the Commercialization and Development of Vascepa

***We are dependent upon the success of Vascepa, which only recently obtained FDA approval and launched commercially in the MARINE indication.***

As a result of our reliance on a single product and our primary focus on the U.S. market in the near-term, much of our near-term results and value as a company depends on our ability to execute our commercial strategy for Vascepa in the United States, which we only recently launched in January 2013. If commercialization efforts for Vascepa in the MARINE indication or, if approved, the ANCHOR indication, are not successful, our business will be materially and adversely affected. Even if we are able to develop additional products from our research and development efforts, the development time cycle for products typically takes several years. This restricts our ability to respond to adverse business conditions for Vascepa. If we are not successful in developing any future product or products, or if there is not adequate demand for Vascepa or the market for such product develops less rapidly than we anticipate, we may not have the ability to effectively shift our resources to the development of alternative products or do so in a timely manner without suffering material adverse effects on our business. As a result, the lack of alternative products we develop could constrain our ability to generate revenues and achieve profitability.

***\*We recently launched Vascepa in the MARINE indication in the United States with our own, newly established sales and marketing teams and distribution channels and we may not be successful. Historical results may not be consistent with or predictive of future results.***

In late January 2013, we began selling and marketing Vascepa in the United States through our own, newly established sales and marketing teams and through a newly established third-party commercial distribution infrastructure. We hired key personnel in these areas over the last several years and hired and trained a professional sales force in early January 2013. The commercial launch of a new pharmaceutical product is a complex undertaking for a company to manage, and we have very limited experience as a company operating in this area. Factors related to building and managing our own sales and marketing organization that can inhibit our efforts to successfully commercialize Vascepa on our own include:

- our inability to attract and retain adequate numbers of effective sales and marketing personnel;
- our inability to adequately train our sales and marketing personnel, in particular as it relates to various healthcare regulatory requirements applicable to the marketing and sale of pharmaceutical products, and our inability to adequately monitor compliance with these requirements;
- the inability of our new sales personnel, working for us as a new market entrant, to obtain access to or persuade adequate numbers of physicians to prescribe Vascepa;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with operating a new independent sales and marketing organization.

In addition, we believe that investors should view with caution both the results for the six months ended June 30, 2013 and as-reported monthly Vascepa prescription numbers for February through June of 2013, as data for this limited period may not be representative of a trend consistent with the results presented or otherwise predictive of future results. We commenced our commercial launch of Vascepa on January 28, 2013. Accordingly, there is a very limited amount of information available at this time to determine the actual number of total prescriptions for Vascepa. We believe investors should consider our results for the six months ended June 30, 2013 and the as-reported Vascepa prescription data from February through June of 2013 together with results over several future quarters, or longer, before making an assessment about potential future performance.

In addition to the factors identified above, seasonal fluctuations in pharmaceutical sales, for example, may affect future prescription trends of Vascepa. The historical prescription data provided in our filings with the Securities and Exchange Commission are based on data published by a third party as of July 16, 2013. Although we believe these data are prepared on a period-to-period basis in a manner that is generally consistent and that such results are generally indicative of current prescription trends, these data are based on estimates and should not be relied upon as definitive. These data may overstate or understate actual prescriptions. Moreover, in accordance with our revenue recognition policy and U.S. Generally Accepted Account Principles, or GAAP, until we have more experience with the commercialization of Vascepa and can reasonably estimate any product returns, we plan to recognize revenue based on the resale of Vascepa for the purposes of filling prescriptions, and not based on sales from us to such distributors. Accordingly, because of our limited selling history, during the six months ended June 30, 2013, we only recognized revenue on product that we could substantiate being resold by retailers, such as pharmacies, for purposes of filling prescriptions. These prescription data may differ from the data reported by third parties. The value of product shipped to distributors but not resold by the distributors to retailers has been deferred until we have evidence that the product was resold by retailers or until we gain sufficient history with our customers to be able to estimate product returns. This is the case even where invoices for such shipments have been collected in full. From launch through June 30, 2013, we had experienced no product returns.

We have to compete with other pharmaceutical and life sciences companies to recruit, hire, train and retain sales and marketing personnel, and turnover in our sales force and marketing personnel could negatively affect sales of Vascepa. If we are not successful in our efforts to market and sell Vascepa on our own, market acceptance of Vascepa may be harmed, our anticipated revenues will be materially and negatively impacted, and we may need additional funding or seek a strategic licensing or co-promotion transaction as a means of raising additional funds.

***\*Vascepa may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community necessary for commercial success.***

We only recently began marketing and selling Vascepa for use in the MARINE indication in January 2013. Vascepa may fail to gain sufficient market acceptance by physicians, patients, healthcare payors and others in the medical community. If Vascepa does not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of Vascepa for the MARINE indication and any future approved indications will depend on a number of factors, including:

- the perceived efficacy, safety and potential advantages of Vascepa, as compared to alternative treatments;
- our ability to offer Vascepa for sale at competitive prices;
- convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the scope, effectiveness and strength of product education, marketing and distribution support, including our sales and marketing team;
- publicity concerning Vascepa or competing products;
- sufficient third-party coverage or reimbursement; and
- the actual efficacy of the product and the prevalence and severity of any side effects, including any limitations or warnings contained in Vascepa's approved labeling.

***\*We may not be able to compete effectively against our competitors' pharmaceutical products.***

The pharmaceutical industry is highly competitive. In attempting to achieve the widespread commercialization of Vascepa, we will face competition to the extent other pharmaceutical companies have on the market, or are able to develop, products for the treatment of similar indications. Potential competitors in this market include companies with greater experience in commercializing pharmaceutical products, and greater resources and name recognition than we have. Furthermore, to the extent we are able to acquire or develop additional marketable products in the future, such products will compete with a variety of other products within the United States or elsewhere, possibly including established drugs and major brand names and also generic versions of these products. Competitive factors, including generic competition, could force us to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to our future products. Products based on new technologies or new drugs could render our products obsolete or uneconomical.

The success of Vascepa and any of our future products will also depend in large part on the willingness of physicians to prescribe these products to their patients. Vascepa will, and our future products may, compete against products that have achieved broad recognition and acceptance among medical professionals. In order to achieve an acceptable level of prescriptions for Vascepa or any future product, we must be able to meet the needs of both the medical community and end users with respect to cost, efficacy and other factors.

Our potential competitors both in the United States and Europe include large, well-established pharmaceutical companies, specialty pharmaceutical sales and marketing companies, and specialized cardiovascular treatment companies. These companies include GlaxoSmithKline plc, which currently markets Lovaza, a prescription-only omega-3 fatty acid indicated for patients with severe hypertriglyceridemia, and Abbott Laboratories, which currently markets Tricor and Trilipix for the treatment of severe hypertriglyceridemia and mixed dyslipidemia and Niaspan, which is primarily used to raise HDL-C, but is also used to lower triglycerides. In March 2011, Pronova BioPharma Norge AS, now owned by BASF, which owns the patents for Lovaza, entered into an agreement with Apotex Corp. and Apotex Inc. to settle their patent litigation in the United States related to Lovaza. Pursuant to the terms of the settlement agreement, Pronova granted Apotex a license to enter the United States market with a generic version of Lovaza in the first quarter of 2015, or earlier depending on circumstances. We expect Apotex to compete against us as well. Other companies are also seeking to introduce generic versions of Lovaza. These competitors have greater resources than we do, including financial, product development, marketing, personnel and other resources.

In addition, we are aware of other pharmaceutical companies that are developing products that, if approved and marketed, would compete with Vascepa. These include a free fatty acid form of omega-3 (comprised of 55% EPA and 20% DHA) developed by Omthera Pharmaceuticals, which in April 2012 announced its top-line Phase 3 clinical trial results. In July 2013, Omthera Pharmaceuticals announced the submission of an NDA to the U.S. Food and Drug Administration, or FDA, seeking approval of its drug candidate for the treatment of hypertriglyceridemia. Later in July 2013, AstraZeneca PLC acquired Omthera Pharmaceuticals. We expect AstraZeneca will utilize its substantial commercial resources to seek to market Omthera Pharmaceuticals' product, if approved. We also understand that another company, Trygg Pharma AS, has completed a Phase 3 study of an omega-3 based drug candidate for hypertriglyceridemia, but we believe Trygg has not yet announced results from that study. It is possible that Trygg Pharma has filed for FDA approval of its product candidate. In addition, Acasti Pharma, a subsidiary of Neptune Technologies & Bioresources Inc., announced in late 2012 that it intends to conduct a Phase 3 clinical program to assess the safety and efficacy of its omega-3 prescription drug candidate derived from krill oil for the treatment of hypertriglyceridemia. We believe Resolvix Pharmaceuticals and Catabasis Pharmaceuticals are also developing potential treatments for hypertriglyceridemia based on omega-3 fatty acids but, to our knowledge, neither has initiated a Phase 2 clinical trial of its product. In addition, we are aware that Essentialis, Inc. is developing a controlled release diazoxide product for the treatment of hypertriglyceridemia and that Matinas BioPharma, Inc. is developing an omega-3-based therapeutic for the treatment of severe hypertriglyceridemia and mixed dyslipidemia. Essentialis, Inc. has reported that they have completed Phase 2 clinical studies with its product. Matinas BioPharma, Inc. has reported that it is preparing to file an Investigational New Drug Application with the FDA and conduct a human study in 2013. Isis Pharmaceuticals recently announced favorable Phase 2 results of ISIS-APOCIII<sub>Rx</sub>, a drug candidate administered through weekly subcutaneous injections, in patients with high triglycerides and type 2 diabetes. Isis is also evaluating ISIS-APOCIII<sub>Rx</sub> in a separate Phase 2 study in patients with moderate to severe high triglycerides and has announced plans to report data from this study in the summer of 2013.

***\*Competitors may seek approval of generic versions of Vascepa.***

In April 2013, the FDA published draft guidance for companies that may seek to develop generic versions of Vascepa. If an application for a generic version of Vascepa were filed and if new chemical entity, or NCE, exclusivity is not granted to Vascepa, the FDA may accept the filing for review and we would likely engage in costly litigation with the applicant to protect our patent rights. If the generic filer is ultimately successful in patent litigation against us, meets the requirements for a generic version of Vascepa to the satisfaction of the FDA (after any applicable regulatory exclusivity period and, typically, the litigation-related 30-month stay period expires), and is able to supply the product in significant commercial quantities, the generic company could, with the market introduction of a generic version of Vascepa, limit our U.S. sales, which would have an adverse impact on our business and results of operations. In addition, even if a competitor's effort to introduce a generic product is ultimately unsuccessful, the perception that such development is in progress and/or news related to such progress could materially affect the perceived value of our company and its stock price.

***Vascepa is a prescription-only omega-3 fatty acid. Omega-3 fatty acids are also marketed by other companies as non-prescription dietary supplements. As a result, Vascepa would be subject to non-prescription competition and consumer substitution.***

Our only current product, Vascepa, is a prescription-only omega-3 fatty acid. Mixtures of omega-3 fatty acids are naturally occurring substances contained in various foods, including fatty fish. Omega-3 fatty acids are also marketed by others as non-prescription dietary supplements. We cannot be sure physicians will view the pharmaceutical grade purity of Vascepa as having a superior therapeutic profile to naturally occurring omega-3 fatty acids and dietary supplements. To the extent the price of Vascepa is significantly higher than the prices of commercially available omega-3 fatty acids marketed by other companies as dietary supplements (through that lack of coverage by insurers or otherwise), physicians may recommend these commercial alternatives instead of writing prescriptions for Vascepa or patients may elect on their own to take commercially available omega-3 fatty acids. Either of these outcomes may adversely impact our results of operations by limiting how we price our product and limiting the revenue we receive from the sale of Vascepa due to reduced market acceptance.

***If we are not successful marketing and selling Vascepa on our own, we may need to find collaborative partners to help market and sell the product.***

If we are not successful marketing and selling Vascepa on our own, we may need to find collaborative partners to help market and sell the product or otherwise outsource these functions to third parties. Until such time as we choose to, and actually do, complete a strategic transaction with a third party to market and sell Vascepa, if ever, we will continue to market and sell Vascepa on our own. We are actively exploring collaboration opportunities for the continued marketing and sale of Vascepa as we approach the potential approval of Vascepa in the ANCHOR indication, assuming its regulatory approval.

We may choose not to enter into a collaboration to help market and sell Vascepa or, if we determine such a collaborative partner is necessary we may not be successful in finding a collaborative partner, or may be delayed in doing so. We face significant competition in seeking appropriate collaborators, and these collaborations are complex and time-consuming to negotiate and document. We may not be able to negotiate collaborations on acceptable terms, or at all. We likely will have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If that were to occur, depending on Vascepa revenues, we may have to curtail the continued development of Vascepa for approval for additional indications beyond ANCHOR or increase our planned expenditures and undertake additional development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, depending on Vascepa's revenues, we may need to obtain additional capital, which may not be available to us on acceptable terms, or at all, or which may not be possible due to our other financing arrangements, including our Purchase and Sale Agreement with BioPharma Secured Debt Fund II Holdings Cayman, L.P., or BioPharma. If we do not generate sufficient funds from the sale of Vascepa or, to the extent needed to supplement funds generated from product revenue, cannot raise sufficient funds, we may not be able to devote resources sufficient to market and sell Vascepa on our own in a manner required to realize the full market potential of Vascepa.

***\*Our ability to generate increased revenue depends, in part, on FDA approval for the use of Vascepa in the ANCHOR indication in the United States and potentially on other regulatory approvals outside the United States, and we may be delayed in obtaining, or never obtain, such approvals.***

The costs involved in obtaining regulatory approvals for pharmaceutical products can be substantial. While we are currently marketing Vascepa for use in the MARINE indication in the United States, our ability to commercialize Vascepa in the ANCHOR indication in the United States or market Vascepa for either indication outside of the United States is dependent upon receiving additional regulatory approvals. In April 2013, the FDA accepted our Supplemental New Drug Application, or sNDA, which seeks approval for the use of Vascepa in the ANCHOR indication, and the FDA has assigned the sNDA a Prescription Drug User Fee Act, or PDUFA, date of December 20, 2013 for the completion of its review. The PDUFA date is the goal date for the FDA to complete its review of the sNDA. However, there can be no assurance that the FDA will complete its review of the sNDA by this date. Additionally, the FDA could deny approval of our sNDA and require additional testing or data. For example, FDA may require that we complete the REDUCE-IT cardiovascular outcomes trial before they approve our sNDA. If the FDA takes any of these actions, they could have a material adverse effect on our operations and financial condition, including our ability to reach profitability.

Even if we obtain additional regulatory approvals for Vascepa, the timing or scope of any approvals may prohibit or reduce our ability to commercialize the product successfully. For example, if the approval process for the ANCHOR indication takes too long, we may miss market opportunities and give other companies the ability to develop competing products or establish market dominance. Additionally, the terms of any approvals, including the approval received from the FDA in July 2012 for the MARINE indication, may prove to not have the scope or breadth needed for us to successfully commercialize Vascepa or become profitable.

***\*The FDA advisory committee may render recommendations on the sNDA for the ANCHOR indication that are negative or may delay approval or limit Vascepa's marketability and may raise new concerns.***

On June 18, 2013, the FDA informed us that it plans to convene an advisory committee on October 16, 2013 to review the sNDA for the ANCHOR indication. Shortly before the advisory committee meeting, the FDA will publish on its website its executive summary based on its review of the sNDA, which may identify any concerns the agency has with our sNDA. Even if the advisory committee ultimately disagrees with these concerns, the publication of these concerns may negatively affect us. The FDA is not bound by the recommendations of an advisory committee, which is typically composed of clinicians, statisticians and other experts, but it generally follows such recommendations. The advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional preclinical studies or clinical trials, including for example our REDUCE-IT cardiovascular outcomes trial, limitations on approved labeling, or distribution and use restrictions. This may delay and increase the cost of the review process. Although not typically the case, the FDA can, at its option, extend the time for its review of the sNDA for the ANCHOR indication or delay the advisory committee review. Any delay in obtaining, or an inability to obtain, marketing approval could prevent us from commercializing Vascepa in the ANCHOR indication, continuing our REDUCE-IT study, generating revenue, and achieving profitability.

***Our SPAs with the FDA are not guarantees of FDA approval of Vascepa for the proposed ANCHOR and REDUCE-IT indications.***

A Special Protocol Assessment, or SPA, is an evaluation by the FDA of a protocol with the goal of reaching an agreement that the Phase 3 trial protocol design, clinical endpoints, and statistical analyses are acceptable to support regulatory approval of the drug product candidate

with respect to effectiveness for the indication studied. The ANCHOR trial was, and the REDUCE-IT trial is, being conducted under an SPA with the FDA. The FDA agreed that, based on the information we submitted to the agency, the design and planned analysis of the ANCHOR trial is adequate to support use of the conducted study as the primary basis for approval with respect to effectiveness. An SPA is generally binding upon the FDA except in limited circumstances, such as if the FDA identifies a substantial scientific issue essential to determining safety or efficacy after the study begins, or if the study sponsor fails to follow the protocol that was agreed upon with the FDA. Even though we have received regulatory approval of Vascepa for the MARINE indication, there is no assurance that the FDA will not identify a scientific issue and deem either or both of the ANCHOR or REDUCE-IT SPAs no longer binding. Moreover, any change to a study protocol after agreement with the FDA is reached can invalidate an SPA. While we amended the protocol for the ANCHOR trial after the initial SPA evaluation was completed, we obtained the FDA's evaluation of, and agreement to, the amendment. If, for example, the FDA does not consider the applicable SPA to be binding during its review of our regulatory approval applications, or if the FDA determines that we did not follow the SPAs appropriately, the agency could assert that additional studies or data are required to support approval of the application. As another example, if the FDA determines that the potential risk of the use of Vascepa outweighs the potential benefit of the drug in the ANCHOR indication, the FDA may choose not to approve Vascepa for use in the ANCHOR population, regardless of our adherence to the related SPA.

***The commercial value to us of the MARINE and ANCHOR indications may be smaller than we anticipate.***

There can be no assurance as to the adequacy for commercial success of the scope and breadth of the MARINE indication or, if approved, the ANCHOR indication. Even if we obtain marketing approval for additional indications, the FDA may impose restrictions on the product's conditions for use, distribution or marketing and in some cases may impose ongoing requirements for post-market surveillance, post-approval studies or clinical trials. Also, with regard to the MARINE indication and any other indications for which we may gain approval, the number of actual patients with the condition included in such approved indication may be smaller than we anticipate. If any such approved indication is narrower than we anticipate, the market potential for our product would suffer.

***\*Our products will be subject to extensive post-approval government regulation.***

Once a product candidate receives FDA marketing approval, numerous post-approval requirements apply. Among other things, the holder of an approved NDA is subject to periodic and other monitoring and reporting obligations enforced by the FDA and other regulatory bodies, including obligations to monitor and report adverse events and instances of the failure of a product to meet the specifications in the approved application. Application holders must also submit advertising and other promotional material to regulatory authorities and report on ongoing clinical trials.

With respect to sales and marketing activities including direct-to-consumer advertising and promotional activities involving the Internet, advertising and promotional materials must comply with FDA rules in addition to other applicable federal and local laws in the United States and in other countries. Industry-sponsored scientific and educational activities also must comply with FDA and other requirements. In the United States, the distribution of product samples to physicians must comply with the requirements of the U.S. Prescription Drug Marketing Act. Manufacturing facilities remain subject to FDA inspection and must continue to adhere to the FDA's current good manufacturing practice requirements, or cGMPs. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change. We also are subject to the new federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, which require manufacturers of certain drugs, devices, biologics, and medical supplies to report to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests. We may also be subject, directly or indirectly through our customers and partners, to various fraud and abuse laws, including, without limitation, the U.S. Anti-Kickback Statute, U.S. False Claims Act, and similar state laws, which impact, among other things, our proposed sales, marketing, and scientific/educational grant programs. If we participate in the U.S. Medicaid Drug Rebate Program, the Federal Supply Schedule of the U.S. Department of Veterans Affairs, or other government drug programs, we will be subject to complex laws and regulations regarding reporting and payment obligations. All of these activities are also potentially subject to U.S. federal and state consumer protection and unfair competition laws. Similar requirements exist in many of these areas in other countries.

Depending on the circumstances, failure to meet these post-approval requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, or refusal to allow us to enter into supply contracts, including government contracts. In addition, even if we or our potential partners comply with FDA and other requirements, new information regarding the safety or effectiveness of a product could lead the FDA to modify or withdraw a product approval. Adverse regulatory action, whether pre- or post-approval, can potentially lead to product liability claims and increase our product liability exposure. We or our potential partners must also compete against other products in qualifying for coverage and reimbursement under applicable third party payment and insurance programs.

***The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products. If we are found to have improperly promoted off-label uses, we may become subject to significant fines and other liability.***

The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the

product's approved labeling. Even though we received marketing approval for Vascepa for the MARINE indication only, physicians may nevertheless prescribe Vascepa to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant government fines and other related liability. For example, the Federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed.

In addition, incentives exist under applicable laws that encourage competitors, employees and physicians to report violations of rules governing promotional activities for pharmaceutical products. These incentives could lead to so-called whistleblower lawsuits as part of which such persons seek to collect a portion of moneys allegedly overbilled to government agencies due to, for example, promotion of pharmaceutical products beyond labeled claims. These incentives could also lead to suits that we have mischaracterized a competitor's product in the marketplace and may, as a result, be sued for alleged damages to our competitors. Such lawsuits, whether with or without merit, are typically time-consuming and costly to defend. Such suits may also result in related shareholder lawsuits, which are also costly to defend.

***\*The REDUCE-IT cardiovascular outcomes trial may fail to show that Vascepa can reduce major cardiovascular events in an at-risk patient population on statin therapy, and the long-term clinical results of Vascepa may not be consistent with the clinical results we observed in our Phase 3 clinical trial, in which case our sales of Vascepa may then suffer.***

In accordance with the SPA for our MARINE and ANCHOR trials, efficacy was evaluated in these trials compared to placebo at twelve weeks. No placebo-controlled studies have been conducted regarding the long-term effect of Vascepa on lipids, and no outcomes study has been conducted evaluating Vascepa. The REDUCE-IT study is designed to evaluate the efficacy of Vascepa in reducing major cardiovascular events in an at-risk patient population on statin therapy.

Outcomes studies of certain other lipid modifying therapies have failed to achieve the endpoints of such studies. For example, in September 2012, researchers published in the *Journal of the American Medical Association*, or *JAMA*, the results of a retrospective meta-analysis of twenty previously conducted studies regarding the use of omega-3 supplements across various patient populations. This meta-analysis suggested that the use of such supplements was not associated with a lower risk of all-cause death, cardiac death, sudden death, heart attack, or stroke. We believe the results of the JAMA meta-analysis may not be directly applicable to the use of Vascepa over time. For instance, nineteen of the twenty studies included in the JAMA meta-analysis involved the use of omega-3 supplements containing a mixture of EPA and DHA, and most were evaluated at relatively lower doses. In addition, in May 2013, *The New England Journal of Medicine* published the results of an outcome study of 1 gram per day of an omega-3 acid ethyl ester composition. In that study, the composition failed to show a benefit in reducing the rate of death from cardiovascular causes or hospitalization for cardiovascular causes when administered to patients with cardiovascular risk factors under different study conditions than in the REDUCE-IT study. Vascepa is comprised of highly-pure ethyl-EPA, and has been approved by the FDA for use in patients with severe hypertriglyceridemia at a dose of 4 grams per day. The only other outcomes study involving the use of a highly-pure formulation of ethyl-EPA, called the Japan EPA Lipid Intervention Study (JELIS), suggested that use of a highly-pure formulation of ethyl-EPA in Japan, when used in conjunction with statins, reduced cardiovascular events by 19% compared to the use of statins alone.

Although we believe the results of the JAMA meta-analysis and other studies are not directly applicable to the potential long-term clinical experience with Vascepa, there can be no assurance that the endpoints of the REDUCE-IT cardiovascular outcomes study will be achieved or that the lipid modifying effects of Vascepa in REDUCE-IT or any other study of Vascepa will not be subject to variation beyond twelve weeks. If the REDUCE-IT trial fails to achieve its clinical endpoints or if the results of these long-term studies are not consistent with the 12-week clinical results, it could prevent us from expanding the label of any approved product or even call into question the efficacy of any approved product.

***We may not be successful in developing or marketing future products if we cannot meet the extensive regulatory requirements of the FDA and other regulatory agencies for quality, safety and efficacy.***

The success of our research and development efforts is dependent in part upon our ability, and the ability of our partners or potential partners, to meet regulatory requirements in the jurisdictions where we or our partners or potential partners ultimately intend to sell such products once approved. The development, manufacture and marketing of pharmaceutical products are subject to extensive regulation by governmental authorities in the United States, the European Union, Japan and elsewhere. In the United States, the FDA generally requires pre-clinical testing and clinical trials of each drug to establish its safety and efficacy and extensive pharmaceutical development to ensure its quality before its introduction into the market. Regulatory authorities in other jurisdictions impose similar requirements. The process of obtaining regulatory approvals is lengthy and expensive and the issuance of such approvals is uncertain. The commencement and rate of completion of clinical trials and the timing of obtaining marketing approval from regulatory authorities may be delayed by many factors, including:

- the lack of efficacy during clinical trials;
- the inability to manufacture sufficient quantities of qualified materials under cGMPs for use in clinical trials;
- slower than expected rates of patient recruitment;

- the inability to observe patients adequately after treatment;
- changes in regulatory requirements for clinical or preclinical studies;
- the emergence of unforeseen safety issues in clinical or preclinical studies;
- delay, suspension, or termination of a trial by the institutional review board responsible for overseeing the study at a particular study site;
- unanticipated changes to the requirements imposed by regulatory authorities on the extent, nature or timing of studies to be conducted on quality, safety and efficacy; and
- government or regulatory delays or “clinical holds” requiring suspension or termination of a trial.

Even if we obtain positive results from early stage pre-clinical or clinical trials, we may not achieve the same success in future trials. Clinical trials that we or potential partners conduct may not provide sufficient safety and efficacy data to obtain the requisite regulatory approvals for product candidates. The failure of clinical trials to demonstrate safety and efficacy for our desired indications could harm the development of that product candidate as well as other product candidates, and our business and results of operations would suffer. For example, the efficacy results of our Vascepa Phase 3 clinical trials for the treatment of Huntington’s disease were negative. As a result, we stopped development of that product candidate, revised our clinical strategy and shifted our focus to develop Vascepa for use in the treatment of cardiovascular disease.

Any approvals that are obtained may be limited in scope, may require additional post-approval studies or may require the addition of labeling statements focusing on product safety that could affect the commercial potential for our product candidates. Any of these or similar circumstances could adversely affect our ability to earn revenues from the sale of such products. Even in circumstances where products are approved by a regulatory body for sale, the regulatory or legal requirements may change over time, or new safety or efficacy information may be identified concerning a product, which may lead to the withdrawal of a product from the market or similar use restrictions. The discovery of previously unknown problems with a product or in connection with the manufacturer of products may result in restrictions on that product or manufacturer, including withdrawal of the product from the market, which would have a negative impact on our potential revenue stream.

***Legislative or regulatory reform of the health care system in the United States and foreign jurisdictions may affect our ability to profitably sell Vascepa.***

Our ability to commercialize our future products successfully, alone or with collaborators, will depend in part on the extent to which coverage and reimbursement for the products will be available from government and health administration authorities, private health insurers and other third-party payors. The continuing efforts of the U.S. and foreign governments, insurance companies, managed care organizations and other payors of health care services to contain or reduce health care costs may adversely affect our ability to set prices for our products which we believe are fair, and our ability to generate revenues and achieve and maintain profitability.

Specifically, in both the United States and some foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the health care system in ways that could affect our ability to sell our products profitably. For example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively the PPACA, enacted in March 2010, substantially changes the way healthcare is financed by both governmental and private insurers. Among other cost-containment measures, PPACA establishes:

- An annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents;
- A new Medicare Part D coverage gap discount program, in which pharmaceutical manufacturers who wish to have their drugs covered under Part D must offer discounts to eligible beneficiaries during their coverage gap period; and
- A new formula that increases the rebates a manufacturer must pay under the Medicaid Drug Rebate Program.

We expect further federal and state proposals and health care reforms to continue to be proposed by legislators, which could limit the prices that can be charged for the products we develop and may limit our commercial opportunity.

The continuing efforts of government and other third-party payors to contain or reduce the costs of health care through various means may limit our commercial opportunity. It will be time consuming and expensive for us to go through the process of seeking coverage and reimbursement from Medicare and private payors. Our products may not be considered cost effective, and government and third-party private health insurance coverage and reimbursement may not be available to patients for any of our future products or sufficient to allow us to sell our products on a competitive and profitable basis. Our results of operations could be adversely affected by PPACA and by other health care reforms that may be enacted or adopted in the future. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of pharmaceutical products. Cost control initiatives could decrease the price that we or any potential collaborators could receive for any of our future products and could adversely affect our profitability.

In some foreign countries, including major markets in the European Union and Japan, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take 6 to 12 months or longer after

the receipt of regulatory marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a pharmacoeconomic study that compares the cost-effectiveness of Vascepa to other available therapies. Such pharmacoeconomic studies can be costly and the results uncertain. Our business could be harmed if reimbursement of our products is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels.

***As we evolve from a company primarily involved in research and development to a company also focused on establishing an infrastructure for commercializing Vascepa, we may encounter difficulties in managing our growth and expanding our operations successfully.***

We only recently hired and trained a professional sales force of approximately 275 sales representatives and commenced our commercial launch of Vascepa in the MARINE indication in the United States in early January 2013. The process of establishing a commercial infrastructure is difficult, expensive and time-consuming. As our operations expand, we expect that we will need to manage additional relationships with various collaborative partners, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees. Our future financial performance and our ability to commercialize Vascepa and to compete effectively will depend, in part, on our ability to manage our future growth effectively. To that end, we must be able to manage our development efforts effectively, and hire, train, integrate and retain additional management, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

#### **Risks Related to our Reliance on Third Parties**

***\*Our supply of product for commercial supply and clinical trials is dependent upon relationships with third party manufacturers and key suppliers.***

We have no in-house manufacturing capacity and rely on contract manufacturers for our clinical and commercial product supply. We cannot assure you that we will successfully manufacture any product we may develop, either independently or under manufacturing arrangements, if any, with our third party manufacturers. Moreover, if any manufacturer should cease doing business with us or experience delays, shortages of supply or excessive demands on their capacity, we may not be able to obtain adequate quantities of product in a timely manner, or at all.

Any manufacturing problem, natural disaster affecting manufacturing facilities, or the loss of a contract manufacturer could be disruptive to our operations and result in lost sales. Additionally, we will be reliant on third parties to supply the raw materials needed to manufacture our potential products. Any reliance on suppliers may involve several risks, including a potential inability to obtain critical materials and reduced control over production costs, delivery schedules, reliability and quality. Any unanticipated disruption to future contract manufacture caused by problems at suppliers could delay shipment of products, increase our cost of goods sold and result in lost sales. If our suppliers were unable to supply us with adequate supply of ethyl-EPA it would have a material adverse effect on our ability to continue to commercialize Vascepa.

We initially purchased all of our supply of the bulk compound (ethyl-EPA), which constitutes the only active pharmaceutical ingredient, or API, of Vascepa, from a single supplier, Nisshin Pharma, or Nisshin, located in Japan. Nisshin was approved by the FDA as a Vascepa API supplier as part of our FDA marketing approval for the MARINE indication in July 2012. In April 2013, we announced the approval by the FDA of Chemport, Inc. and BASF (formerly Equateq Limited) as additional Vascepa API suppliers. We now plan to use and purchase additional commercial supply from Chemport and BASF in addition to Nisshin. Each of the API manufacturers obtains supply of the key raw material to manufacture API from other third party sources of supply.

While we have contractual freedom to source the API for Vascepa and have entered into supply agreements with multiple suppliers who also rely on other third party suppliers of the key raw material to manufacture the API for Vascepa, Nisshin currently supplies a large majority of our API for Vascepa. Our strategy in adding API suppliers beyond Nisshin has been to expand manufacturing capacity and to partially mitigate the risk of reliance on one supplier. Both Chemport and BASF continue to expand their API manufacturing capacity and bring to three the number of qualified worldwide suppliers of API for Vascepa.

Also, in December 2012 we announced the addition of an exclusive consortium of companies led by Slanmhor Pharmaceutical, Inc., or Slanmhor, to our planned API global supply chain for Vascepa. Slanmhor was spun-out from Ocean Nutrition Canada, or ONC, prior to the May 2012 acquisition of ONC by Royal DSM N.V., a global leader in life sciences and materials sciences. Amarin now has a total of four suppliers for Vascepa API to utilize in supporting the global commercialization of Vascepa, subject to appropriate regulatory approval of Slanmhor. We intend to submit an additional sNDA for Slanmhor after it successfully completes the qualification process.

Expanding manufacturing capacity and qualifying such capacity is difficult and subject to numerous regulations and other operational challenges. The resources of our suppliers are limited and costs associated with projected expansion and qualification can be significant. The resources of our suppliers vary. For example, Chemport, which was approved as one of our API supplier in April 2013, is a privately-held company and their commitment to Vascepa supply has required them to seek additional resources. There can be no assurance that the expansion plans of any of our suppliers will be successful. Our aggregate capacity to produce API is dependent upon the qualification of our API suppliers. Each of our API suppliers has outlined plans for potential further capacity expansion. If no additional API supplier is approved

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by the FDA, our API supply will be limited to the API we purchase from Nisshin, Chemport and BASF. If our third party manufacturing capacity is not expanded and compliant with application regulatory requirements, we may not be able to supply sufficient quantities of Vascepa to meet anticipated demand. We cannot assure you that we can contract with any future manufacturer on acceptable terms or that any such alternative supplier will not require capital investment from us in order for them to meet our requirements. Alternatively, our purchase of supply may exceed actual demand for Vascepa.

We currently rely on two suppliers, Banner and Catalent, for the encapsulation of API for all capsules of Vascepa. While we have contractual freedom to source the API encapsulation for Vascepa elsewhere, Banner and Catalent are the only encapsulators approved by the FDA for encapsulation of API for Vascepa. There can be no guarantee that additional other suppliers with which we have contracted to encapsulate API will be qualified to manufacture the product to our specifications or that these and any future suppliers will have the manufacturing capacity to meeting anticipated demand for Vascepa. We cannot assure you that we can contract with any future manufacturer on acceptable terms or that any such alternative supplier will not require capital investment from us in order for them to meet our requirements.

***We do not have sufficient experience with the commercial sale of Vascepa, and such inexperience may cause us to purchase too much or not enough supply to satisfy actual demand, which could have a material adverse effect on our financial results and financial condition.***

Our agreements with our suppliers typically include minimum purchase obligations and limited exclusivity provisions. These purchases are generally made on the basis of rolling twelve-month forecasts which in part are binding on us and the balance of which are subject to adjustment by us subject to certain limitations. We have no experience with the commercial sale of Vascepa, and as such expectations regarding expected demand may be wrong. We may not purchase sufficient quantities of Vascepa to meet actual demand or our purchase of supply may exceed actual demand. In either case, such event could have a material adverse effect on our financial results and financial condition.

***The manufacture and packaging of pharmaceutical products such as Vascepa are subject to FDA requirements and those of similar foreign regulatory bodies. If we or our third party manufacturers fail to satisfy these requirements, our product development and commercialization efforts may be materially harmed.***

The manufacture and packaging of pharmaceutical products, such as Vascepa, are regulated by the FDA and similar foreign regulatory bodies and must be conducted in accordance with the FDA's current good manufacturing practices, or cGMPs, and comparable requirements of foreign regulatory bodies. There are a limited number of manufacturers that operate under these cGMPs regulations who are both capable of manufacturing Vascepa and willing to do so. Failure by us or our third party manufacturers to comply with applicable regulations, requirements, or guidelines could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business. For example, Nisshin plans to expand its capacity to supply API to us by further expanding their current facility. If we are not able to manufacture Vascepa to required specifications through Nisshin, Chemport and BASF, or other potential API suppliers, we may be delayed in successfully supplying the product to meet anticipated demand and our anticipated future revenues and financial results may be materially adversely affected.

Changes in the manufacturing process or procedure, including a change in the location where the product is manufactured or a change of a third party manufacturer, may require prior FDA review and approval of the manufacturing process and procedures in accordance with the FDA's cGMPs, or cGMPs. Any new facility may be subject to a pre-approval inspection by the FDA and would again require us to demonstrate product comparability to the FDA. There are comparable foreign requirements. This review may be costly and time consuming and could delay or prevent the launch of a product. For example, we have plans to file a supplemental NDA to add Slanmhor as an additional API supplier for Vascepa. If Slanmhor cannot establish, to the satisfaction of the FDA, that it is in substantial compliance with cGMPs, and that the product manufactured at its site meets FDA requirements, we may not be able to manufacture API from that site, our supply of API for Vascepa may be delayed, and our anticipated future revenues and financial results may be materially adversely affected if such supply cannot be satisfied by our other three API suppliers.

Furthermore, the FDA and foreign regulatory agencies require that we be able to consistently produce the API and the finished product in commercial quantities and of specified quality on a repeated basis, including proven product stability, and document our ability to do so. This requirement is referred to as process validation. This includes stability testing, measurement of impurities and testing of other product specifications by validated test methods. If the FDA does not consider the result of the process validation or required testing to be satisfactory, the commercial supply of Vascepa may be delayed, or we may not be able to supply sufficient quantities of Vascepa to meet anticipated demand.

The FDA and similar foreign regulatory bodies may also implement new standards, or change their interpretation and enforcement of existing standards and requirements, for manufacture, packaging or testing of products at any time. If we are unable to comply, we may be subject to regulatory, civil actions or penalties which could significantly and adversely affect our business.

***We rely on third parties to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet established deadlines for the completion of such clinical trials.***

Our reliance on third parties for clinical development activities reduces our control over these activities. However, if we sponsor clinical trials, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trials. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices, for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third parties does not relieve us of these responsibilities and requirements. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be delayed in obtaining regulatory approvals for our product candidates and may be delayed in our efforts to successfully commercialize our product candidates for targeted diseases.

#### **Risks Related to our Intellectual Property and Regulatory Exclusivity**

***\*We are dependent on patents, proprietary rights and confidentiality to protect the commercial potential of Vascepa.***

Because of the significant time and expense involved in developing new products and obtaining regulatory approvals, it is very important to obtain patent and preserve trade secret protection for new technologies, products and processes. Our ability to successfully implement our business plan will depend in large part on our ability to:

- obtain, defend and maintain patent protection and market exclusivity for our current and future products;
- preserve any trade secrets relating to our current and future products;
- acquire patented or patentable products and technologies; and
- operate without infringing the proprietary rights of third parties.

As of July 31, 2013, we had 27 patent applications in the United States that have been either issued or allowed and more than 30 additional patent applications are pending in the United States. Of such 27 allowed and issued applications, we currently have

- 2 issued U.S. patents directed to a pharmaceutical composition of Vascepa in a capsule that have terms that expire in 2020 and 2030, respectively,
- 1 issued U.S. patent covering a composition containing highly pure EPA that expires in 2021,
- 18 U.S. patents covering the use of Vascepa in either the MARINE or anticipated ANCHOR indication that have terms that expire in 2030, and
- 6 additional patent applications for which the United States Patent and Trademark Office, or USPTO, has issued a Notice of Allowance each of which with terms that expire in 2030 and are related to the use of Vascepa in either the MARINE or anticipated ANCHOR indication.

A Notice of Allowance is issued after the USPTO makes a determination that a patent can be granted from an application. A Notice of Allowance does not afford patent protection until the underlying patent is issued by the USPTO. No assurance can be given that our issued patents and our pending patents, if and when issued, will prevent competitors from competing with Vascepa.

We are also pursuing patent applications related to Vascepa in multiple jurisdictions outside the United States. We may be dependent in some cases upon third party licensors to pursue filing, prosecution and maintenance of patent rights or applications owned or controlled by those parties. It is possible that third parties will obtain patents or other proprietary rights that might be necessary or useful to us. In cases where third parties are first to invent a particular product or technology, or first to file after various provisions of the America Invents Act of 2011 went into effect on March 16, 2013, it is possible that those parties will obtain patents that will be sufficiently broad so as to prevent us from utilizing such technology or commercializing our current and future products.

Although we intend to make reasonable efforts to protect our current and future intellectual property rights and to ensure that any proprietary technology we acquire or develop does not infringe the rights of other parties, we may not be able to ascertain the existence of all potentially conflicting claims. Therefore, there is a risk that third parties may make claims of infringement against our current or future products or technologies. In addition, third parties may be able to obtain patents that prevent the sale of our current or future products or require us to obtain a license and pay significant fees or royalties in order to continue selling such products.

We may in the future discover the existence of products that infringe patents that we own or that have been licensed to us. If we were to initiate legal proceedings against a third party to stop such an infringement, such proceedings could be costly and time consuming, regardless of the outcome. No assurances can be given that we would prevail, and it is possible that, during such a proceeding, our patent rights could be held to be invalid, unenforceable or both. Although we intend to protect our trade secrets and proprietary know-how through confidentiality agreements with our manufacturers, employees and consultants, we may not be able to prevent parties subject to such confidentiality agreements from breaching these agreements or third parties from independently developing or learning of our trade secrets.

We anticipate that competitors may from time to time oppose our efforts to obtain patent protection for new technologies or to submit patented technologies for regulatory approvals. Competitors may seek to oppose our patent applications to delay the approval process or to challenge our granted patents, for example, by requesting a reexamination of our patent at the USPTO, or by filing an opposition in a foreign patent office, even if the opposition or challenge has little or no merit. Such proceedings are generally highly technical, expensive, and time consuming, and there can be no assurance that such a challenge would not result in the narrowing or complete revocation of any patent of ours that was so challenged.

***Our issued patents and our pending patents, if and when issued, may not prevent competitors from competing with Vascepa.***

We plan to vigorously defend our rights under issued patents. Other drug companies may challenge the validity, enforceability, or both of our patents and seek to design its products around our issued patent claims and gain marketing approval for generic versions of Vascepa or branded competitive products based on new clinical studies. The pharmaceutical industry is highly competitive and many of our competitors have greater experience and resources than we have. Any such competition could undermine sales, marketing and collaboration efforts for Vascepa, and thus reduce, perhaps materially, the revenue potential for Vascepa.

Even if we are successful in enforcing our issued patents, we may incur substantial costs and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us. Patent litigation is costly and time consuming, and we may not have sufficient resources to bring these actions to a successful conclusion.

***There can be no assurance that any of our pending patent applications relating to Vascepa or its use will issue as patents.***

We have filed and are prosecuting numerous families of patent applications in the United States and internationally with claims designed to protect the proprietary position of Vascepa. For certain of these patent families, we have filed multiple patent applications. Collectively the patent applications include numerous independent claims and dependent claims. Several of our patent applications contain claims that are based upon what we believe are unexpected and favorable findings from the MARINE and ANCHOR trials. If granted, many of the resulting granted patents would expire in 2030 or beyond. However, no assurance can be given that any of our pending patent applications will be granted or, if they grant, that they will prevent competitors from competing with Vascepa.

Securing patent protection for a product is a complex process involving many legal and factual questions. The patent applications we have filed in the United States and internationally are at varying stages of examination, the timing of which is outside our control. The process to getting a patent granted can be lengthy and claims initially submitted are often modified in order to satisfy the requirements of the patent office. This process includes written and public communication with the patent office. The process can also include direct discussions with the patent examiner. There can be no assurance that the patent office will accept our arguments with respect to any patent application or with respect to any claim therein. The timing of the patent review process is independent of and has no effect on the timing of the FDA's review of our NDA or sNDA submissions. We cannot predict the timing or results of any patent application. In addition, we may elect to submit, or the patent office may require, additional evidence to support certain of the claims we are pursuing. Furthermore, third parties may attempt to submit publications for consideration by the patent office during examination of our patent applications. Providing such additional evidence and publications could prolong the patent office's review of our applications and result in us incurring additional costs. We cannot be certain what commercial value any granted patent in our patent estate will provide to us.

***\*If Vascepa is not granted new chemical entity exclusivity protection from the FDA our business may be materially harmed.***

Under Sections 505(c)(3)(E)(ii) and 505(j)(5)(F)(ii) of the Food Drug and Cosmetic Act, or FDCA, as amended by the Drug Price Competition and Patent Term Restoration Act of 1984, as amended, or the Hatch-Waxman Amendments, a drug that is granted regulatory approval may be eligible for five years of marketing exclusivity in the United States following regulatory approval if that drug is classified as a new chemical entity, or NCE. A drug can be classified as an NCE if the FDA has not previously approved any other drug containing the same active moiety.

The FDA typically publishes a determination on the marketing exclusivity of recently approved products in a cumulative supplement to its *Approved Drug Products with Therapeutic Equivalence Evaluations*, also known as the Orange Book, mid-month in the month following the drug's approval. Vascepa was approved by the FDA in July 2012, but we have not yet been informed of a determination by the FDA on our pending exclusivity request for Vascepa. Since prior to FDA approval of the Vascepa new drug application, we have had an active dialogue with the FDA related to our marketing exclusivity request for Vascepa, which requested NCE status for Vascepa. We have repeatedly followed up with the FDA seeking a determination. While we continue to believe our arguments in support of an NCE determination for Vascepa are strong, the FDA may not agree with our arguments. Based on our discussions with the FDA, we have not been told and do not know what determination the FDA will reach regarding the pending exclusivity request for Vascepa or when the FDA will make such determination. Based on our communications with the FDA, we cannot make a reliable prediction as to when the FDA will communicate a determination on the matter. There can be no assurance that Vascepa will be granted NCE exclusivity, or that the FDA will make a determination on the pending exclusivity request in a timely manner.

NCE marketing exclusivity, if granted, would preclude approval during the five-year exclusivity period of certain 505(b)(2) applications or abbreviated new drug applications submitted by another company for another version of the drug. However, an application may be

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submitted after four years if it contains a certification of patent invalidity or non-infringement. In this case, Amarin may be afforded the benefit of a 30-month stay against the launch of such a competitive product that would extend from the end of the five-year exclusivity period, and may also be afforded other extensions under applicable regulations, including a six-month pediatric exclusivity extension or a judicial extension if applicable requirements are met. If we are not able to gain or exploit the period of marketing exclusivity, we may face significant competitive threats to our commercialization of these compounds from other manufacturers, including the manufacturers of generic alternatives. Further, even if Vascepa is considered to be a NCE and we are able to gain five-year marketing exclusivity, another company could challenge that decision to seek to overturn FDA's determination. Another company could also gain such marketing exclusivity under the provisions of the FDCA, as amended by the Hatch-Waxman Amendments, if such company can, under certain circumstances, complete a human clinical trial process and obtain regulatory approval of its product.

If Vascepa is not granted NCE marketing exclusivity, we expect it will be granted three years of new product exclusivity under the Hatch-Waxman Amendments. A three-year period of exclusivity is granted under the Hatch-Waxman Amendments for a drug product that contains an active moiety that has been previously approved when the application contains reports of new clinical investigations (other than bioavailability studies) conducted by the sponsor that were essential to approval of the application. Our MARINE trial was a new clinical investigation that was essential to the approval of our new drug application. We are entitled to at least three-year exclusivity even if the FDA determines that the EPA moiety was previously approved in Lovaza because our MARINE clinical investigation was essential for the approval of our new drug product, Vascepa.

Such three-year exclusivity protection would preclude the FDA from approving a marketing application for a duplicate of Vascepa, a product candidate that the FDA views as having the same conditions of approval as Vascepa (for example, the same indication and/or other conditions of use), or a 505(b)(2) NDA submitted to the FDA with Vascepa as the reference product, for a period of three years from the date of FDA approval, although the FDA may accept and commence review of such applications during the exclusivity period. Such three-year exclusivity grant would not prevent a company from challenging the validity of our patents at any time. In this case, Amarin may be afforded the benefit of a 30-month stay against the launch of such a competitive product that would extend from the period that Amarin responds to a pending patent challenge, and may also be afforded other extensions under applicable regulations, including a six-month pediatric exclusivity extension or a judicial extension if applicable requirements are met. This three-year form of exclusivity may also not prevent the FDA from approving an NDA that relies only on its own data to support the change or innovation.

***Despite the use of confidentiality agreements and/or proprietary rights agreements, which themselves may be of limited effectiveness, it may be difficult for us to protect our trade secrets.***

We will also rely upon trade secrets and know-how to help protect our competitive position. We rely on trade secrets to protect technology in cases when we believe patent protection is not appropriate or obtainable. However, trade secrets are difficult to protect. While we require certain of our academic collaborators, contractors and consultants to enter into confidentiality agreements, we may not be able to adequately protect our trade secrets or other proprietary information.

## **Risks Related to our Business**

***Potential technological changes in our field of business create considerable uncertainty.***

We are engaged in the biopharmaceutical field, which is characterized by extensive research efforts and rapid technological progress. New developments in research are expected to continue at a rapid pace in both industry and academia. We cannot assure you that research and discoveries by others will not render some or all of our programs or product candidates uncompetitive or obsolete. Our business strategy is based in part upon new and unproven technologies to the development of therapeutics to improve cardiovascular health. We cannot assure you that unforeseen problems will not develop with these technologies or applications or that any commercially feasible products will ultimately be developed by us.

***We are subject to potential product liability.***

Following the commercial launch of Vascepa, we will be subject to the potential risk of product liability claims relating to the manufacturing and marketing of Vascepa. Any person who is injured as a result of using Vascepa may have a product liability claim against us without having to prove that we were at fault.

In addition, we could be subject to product liability claims by persons who took part in clinical trials involving our current or former development stage products. A successful claim brought against us could have a material adverse effect on our business. We cannot guarantee that a product liability claim will not be asserted against us in the future.

***We may become subject to liability in connection with the wind-down of our EN101 program.***

In 2007, we purchased Ester Neurosciences Limited, an Israeli pharmaceutical company, and its lead product candidate, EN101, an AChE-R mRNA inhibitor for the treatment of myasthenia gravis, or MG, a debilitating neuromuscular disease. In connection with the acquisition, we assumed a license to certain intellectual property assets related to EN101 from the Yissum Research Development Company of The Hebrew University of Jerusalem.

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In June 2009, in keeping with our decision to re-focus our efforts on developing improved treatments for cardiovascular disease and cease development of all product candidates outside of our cardiovascular disease focus, we amended the terms of our acquisition agreement with the original shareholders of Ester. Under the terms of this amendment, Amarin was released from all research and development diligence obligations contained in the original agreement and was authorized to seek a partner for EN101. The amendment agreement also provided that any future payment obligations payable by us to the former shareholders of Ester would be made only out of income received from potential partners. In connection with this amendment agreement, in August 2009 we issued 1,315,789 ordinary shares to the former Ester shareholders. Under the terms of this amendment agreement, the former Ester shareholders have the option of reacquiring the original share capital of Ester if we are unable to successfully partner EN101.

Following our decision to cease development of EN101, Yissum terminated its license agreement with us. In June 2011, Yissum announced that it had entered into a license agreement with BiolineRX Ltd for the development of EN101 in a different indication, inflammatory bowel disease.

We have received several communications on behalf of the former shareholders of Ester asserting that we are in breach of its amended agreement due to the fact that Yissum terminated its license and we failed to return shares of Ester, and assets relating to EN101, to the shareholders, as was required under certain circumstances under the amended agreement. We do not believe these circumstances constitute a breach of the amended agreement, but there can be no assurance as to the outcome of this dispute.

### ***A change in our tax residence could have a negative effect on our future profitability.***

Under current UK legislation, a company incorporated in England and Wales, or which is centrally managed and controlled in the UK, is regarded as resident in the UK for taxation purposes. Under current Irish legislation, a company is regarded as resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland, or, in certain circumstances, if it is incorporated in Ireland. Where a company is treated as tax resident under the domestic laws of both the UK and Ireland then the provisions of article 4(3) of the Double Tax Convention between the UK and Ireland provides that such enterprise shall be treated as resident only in the jurisdiction in which its place of effective management is situated. We have sought to conduct our affairs in such a way so as to be resident only in Ireland for tax purposes by virtue of having our place of effective management situated in Ireland. Trading income of an Irish company is generally taxable at the Irish corporation tax rate of 12.5%. Non-trading income of an Irish company (e.g., interest income, rental income or other passive income), is taxable at a rate of 25%.

However, we cannot assure you that we are or will continue to be resident only in Ireland for tax purposes. It is possible that in the future, whether as a result of a change in law or the practice of any relevant tax authority or as a result of any change in the conduct of our affairs, we could become, or be regarded as having become resident in a jurisdiction other than Ireland. Should we cease to be an Irish tax resident, we may be subject to a charge to Irish capital gains tax on our assets. Similarly, if the tax residency of any of our subsidiaries were to change from their current jurisdiction for any of the reasons listed above, we may be subject to a charge to local capital gains tax charge on the assets.

### ***The loss of key personnel could have an adverse effect on our business.***

We are highly dependent upon the efforts of our senior management. The loss of the services of one or more members of senior management could have a material adverse effect on us. As a small company with a streamlined management structure, the departure of any key person could have a significant impact and would be potentially disruptive to our business until such time as a suitable replacement is hired. Furthermore, because of the specialized nature of our business, as our business plan progresses we will be highly dependent upon our ability to attract and retain qualified scientific, technical and key management personnel. As we evolve from a development stage company to a commercial stage company we may experience turnover among members of our senior management team. We may have difficulty identifying and integrating new executives to replace any such losses. There is intense competition for qualified personnel in the areas of our activities. In this environment, we may not be able to attract and retain the personnel necessary for the development of our business, particularly if we do not achieve profitability. The failure to recruit key scientific, technical and management personnel would be detrimental to our ability to implement our business plan.

## **Risks Related to our Financial Position and Capital Requirements**

### ***We have a history of losses and anticipate that we will incur continued losses for an indefinite period of time.***

We have not been profitable in any of the last five fiscal years. For the fiscal years ended December 31, 2012, 2011, and 2010, we reported losses of approximately \$179.2 million, \$69.1 million and \$249.6 million, respectively, and we had an accumulated deficit at December 31, 2012 of \$747.6 million. For the six months ended June 30, 2013 and 2012, we reported losses of approximately \$101.9 million and \$142.2 million, respectively, and we had an accumulated deficit at June 30, 2013 of \$849.6 million. Substantially all of our operating losses resulted from costs incurred in connection with our research and development programs, from general and administrative costs associated with our operations, and from non-cash losses on changes in the fair value of warrant derivative liabilities. Additionally, as a result of our significant expenses relating to research and development and to commercialization, we expect to continue to incur significant operating losses for an indefinite period, even after we begin to generate revenues from our commercialization of Vascepa. Because of the numerous risks and uncertainties associated with developing and commercializing pharmaceutical products, we are unable to predict the

magnitude of these future losses. Our historic losses, combined with expected future losses, have had and will continue to have an adverse effect on our cash resources, shareholders' deficit and working capital. We expect our research and development expenses to be substantial for both 2013 and 2014 in connection with our REDUCE-IT cardiovascular outcomes study for Vascepa and other activities. In addition, we may incur significant sales, marketing, in-licensing and outsourced manufacturing expenses as we attempt to commercialize Vascepa. Our shift in focus from research and development to commercialization, and the changes in operating costs relating to that shift, will also require us to make changes to our accounting results and procedures, which may have an adverse effect on our reported revenue or profit, if any.

***Although we began generating revenue from Vascepa in January 2013, we may never be profitable.***

Our ability to become profitable depends upon our ability to generate revenue. In January 2013, we began to generate revenue from the marketing of Vascepa for use in the MARINE indication, but we may not be able to generate sufficient revenue to attain profitability. Our ability to generate profits on sales of Vascepa is subject to the market acceptance and commercial success of Vascepa and our ability to manufacture commercial quantities of Vascepa through third parties at acceptable cost levels, and may also depend upon our ability to enter into one or more strategic collaborations to effectively market and sell Vascepa.

Even though Vascepa has been approved by the FDA for marketing in the United States in the MARINE indication, it may not gain market acceptance or achieve commercial success and it may never be approved for the ANCHOR indication or any other indication. In addition, we anticipate continuing to incur significant costs associated with commercializing Vascepa. We may not achieve profitability soon after generating product sales, if ever. If we are unable to generate sufficient product revenues, we will not become profitable and may be unable to continue operations without continued funding.

***Our historical financial results do not form an accurate basis for assessing our current business.***

As a consequence of the many years developing Vascepa for commercialization and the recent commercial launch of Vascepa in the MARINE indication in the United States, our historical financial results do not form an accurate basis upon which investors should base their assessment of our business and prospects. In addition, we expect that our costs will increase substantially as we continue to commercialize Vascepa in the MARINE indication and seek to obtain additional regulatory approval of Vascepa in the ANCHOR indication, including the continuation of the REDUCE-IT cardiovascular outcomes study. Accordingly, our historical financial results reflect a substantially different business from that currently being conducted and from that expected in the future. In addition, we have a limited history of obtaining regulatory approval for, and no demonstrated ability to successfully commercialize, a product candidate. Consequently, any predictions about our future performance may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

***Our operating results are unpredictable and may fluctuate. If our operating results are below the expectations of securities analysts or investors, the trading price of our stock could decline.***

Our operating results are difficult to predict and will likely fluctuate from quarter to quarter and year to year, and Vascepa prescription figures will likely fluctuate from month to month. Due to the recent approval by the FDA of Vascepa and the lack of historical sales data, Vascepa sales will be difficult to predict from period to period and as a result, you should not rely on Vascepa sales results in any period as being indicative of future performance, and sales of Vascepa may be below the expectation of securities analysts or investors in the future. We believe that our quarterly and annual results of operations may be affected by a variety of factors, including:

- the level of demand for Vascepa;
- the extent to which coverage and reimbursement for Vascepa is available from government and health administration authorities, private health insurers, managed care programs and other third-party payers;
- the timing, cost and level of investment in our sales and marketing efforts to support Vascepa sales and the resulting effectiveness of those efforts;
- additional developments regarding our intellectual property portfolio and regulatory exclusivity protections, if any; and
- the results of our sNDA application for the ANCHOR indication and the results of the REDUCE-IT study or post-approval studies for Vascepa.

***\*We may require substantial additional resources to fund our operations. If we cannot find additional capital resources, we will have difficulty in operating as a going concern and growing our business.***

We currently operate with limited resources. We believe that our cash and cash equivalents balance of \$149.4 million at June 30, 2013, as well as \$121.1 million in net proceeds from our secondary offering of common shares in July 2013 will be sufficient to fund our projected operations for at least the next twelve months.

In order to fully realize the market potential of Vascepa, we may need to enter into a strategic collaboration or raise additional capital. We may also need additional capital to fully complete our REDUCE-IT cardiovascular outcomes trial.

Our future capital requirements will depend on many factors, including:

- revenue generated from the commercial sale of Vascepa in the MARINE indication and, subject to FDA approval, the ANCHOR indication;
- the costs associated with commercializing Vascepa for the MARINE indication in the United States and for additional indications in the United States and in jurisdictions in which we receive regulatory approval, if any, including the cost of sales and marketing capabilities, and the cost and timing of securing commercial supply of Vascepa and the timing of entering into strategic collaboration with others relating to the commercialization of Vascepa, if at all, and the terms of any such collaboration;
- the continued cost associated with our REDUCE-IT cardiovascular outcomes study;
- the time and costs involved in obtaining additional regulatory approvals for Vascepa;
- the extent to which we continue to develop internally, acquire or in-license new products, technologies or businesses; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

If we require additional funds and adequate funds are not available to us in amounts or on terms acceptable to us or on a timely basis, or at all, our commercialization efforts for Vascepa may suffer materially, and we may need to delay the advancement of the REDUCE-IT cardiovascular outcomes trial.

***Continued negative economic conditions would likely have a negative impact on our ability to obtain financing on acceptable terms.***

While we may seek additional funding through public or private financings, we may not be able to obtain financing on acceptable terms, or at all. There can be no assurance that we will be able to access equity or credit markets in order to finance our current operations or expand development programs for Vascepa, or that there will not be a further deterioration in financial markets and confidence in economies. We may also have to scale back or further restructure our operations. If we are unable to obtain additional funding on a timely basis, we may be required to curtail or terminate some or all of our research or development programs or our commercialization strategies.

***Raising additional capital may cause dilution to our existing shareholders, restrict our operations or require us to relinquish rights.***

To the extent we are permitted under our Purchase and Sale Agreement with BioPharma, we may seek additional capital through a combination of private and public equity offerings, debt financings and collaboration, strategic and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a shareholder.

As of June 30, 2013, there were warrants outstanding for the purchase of up to 9,866,826 ADSs each representing one of our ordinary shares, with a weighted average exercise price of \$1.44 per share. We may issue additional warrants to purchase ADSs or ordinary shares in connection with any future financing we may conduct. In addition, on January 9, 2012, we issued \$150 million in aggregate principal amount of 3.50% exchangeable senior notes due 2032, or the notes. The notes are exchangeable under certain circumstances into cash, our ADS, or a combination of cash and ADS, at our election, with a current exchange rate of 113.4752 ADS per \$1,000 principal amount of notes. Although we intend to settle these notes in cash, if we elected physical settlement, the notes would initially be exchangeable into 17,021,280 ADS.

Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration, strategic alliance and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, Vascepa or product candidates beyond the rights we have already relinquished, or grant licenses on terms that are not favorable to us.

***Potential business combinations or other strategic transactions may disrupt our business or divert management's attention.***

On a regular basis, we explore potential business combination transactions, including an acquisition of us by a third party, exclusive licenses of Vascepa or other strategic transactions or collaborations with third parties. The consummation and performance of any such future transactions or collaborations will involve risks, such as:

- diversion of managerial resources from day-to-day operations;
- exposure to litigation from the counterparties to any such transaction, other third parties or our shareholders;
- misjudgment with respect to the value;
- higher than expected transaction costs; or
- an inability to successfully consummate any such transaction or collaboration.

As a result of these risks, we may not be able to achieve the expected benefits of any such transaction or collaboration or deliver the value thereof to our shareholders. If we are unsuccessful in consummating any such transaction or collaboration, we may be required to reevaluate our business only after we have incurred substantial expenses and devoted significant management time and resources.

## Risks Related to Ownership of our ADSs and Common Shares

### *The price of our ADSs and common shares may be volatile.*

The stock market has from time to time experienced significant price and volume fluctuations that may be unrelated to the operating performance of particular companies. In addition, the market prices of the securities of many pharmaceutical and medical technology companies have been especially volatile in the past, and this trend is expected to continue in the future.

As of August 1, 2013 we had 172,614,013 common shares outstanding including 172,144,067 shares held as ADSs and 469,946 held as common shares (which are not held in the form of ADSs). In our October 2009 private placement we issued 66.4 million ADSs and warrants to purchase an additional 33.2 million ADSs. There is a risk that there may not be sufficient liquidity in the market to accommodate significant increases in selling activity or the sale of a large block of our securities. Our ADSs have historically had limited trading volume, which may also result in volatility. If any of our large investors, such as the participants in our October 2009 private placement, seek to sell substantial amounts of our ADSs, particularly if these sales are in a rapid or disorderly manner, or other investors perceive that these sales could occur, the market price of our ADSs could decrease significantly.

The market price of our ADSs and common shares may also be affected by factors such as:

- the status of our pending exclusivity request with the FDA for Vascepa;
- developments or disputes concerning ongoing patent prosecution efforts and any future patent or proprietary rights;
- regulatory developments in the United States, the European Union or other countries;
- actual or potential medical results relating to our products or our competitors' products;
- interim failures or setbacks in product development;
- innovation by us or our competitors;
- currency exchange rate fluctuations; and
- period-to-period variations in our results of operations.

***Actual or potential sales of our common shares by our employees, including members of our senior management team, pursuant to pre-arranged stock trading plans could cause our stock price to fall or prevent it from increasing for numerous reasons, and actual or potential sales by such persons could be viewed negatively by other investors.***

In accordance with the guidelines specified under Rule 10b5-1 of the Securities and Exchange Act of 1934 and our policies regarding stock transactions, a number of our directors and employees, including members of our senior management team, have adopted and may continue to adopt pre-arranged stock trading plans to sell a portion of our common stock. Generally, sales under such plans by members of our senior management team and directors require public filings. Actual or potential sales of our ADSs by such persons could cause the price of our ADSs to fall or prevent it from increasing for numerous reasons. For example, a substantial amount of our ADSs becoming available (or being perceived to become available) for sale in the public market could cause the market price of our ADSs to fall or prevent it from increasing. Also, actual or potential sales by such persons could be viewed negatively by other investors.

***\*We may be a passive foreign investment company, or PFIC, which would result in adverse U.S. federal tax consequences to U.S. investors.***

Amarin Corporation plc and certain of our subsidiaries may be classified as "passive foreign investment companies," or PFICs, for U.S. federal income tax purposes. The tests for determining PFIC status for a taxable year depend upon the relative values of certain categories of assets and the relative amounts of certain kinds of income. The application of these factors depends upon our financial results, which are beyond our ability to predict or control, and which may be subject to legal and factual uncertainties.

We believe it prudent to assume that we were classified as a PFIC in 2012. However, it is possible that, because of the commencement of sales and marketing of Vascepa, we may not be classified as a PFIC in 2013 or in future years, although there can be no assurance in this regard.

If we are a PFIC, U.S. holders of notes, ordinary shares or ADSs would be subject to adverse U.S. federal income tax consequences, such as ineligibility for any preferred tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements under U.S. federal income tax laws and regulations. Whether or not U.S. holders of our ADSs make a timely "QEF election" or "mark-to-market election" may affect the U.S. federal income tax consequences to U.S. holders with respect to the acquisition, ownership and disposition of Amarin ADSs and any distributions such U.S. Holders may receive. A QEF election and other elections that may mitigate the effect of our being classified as a PFIC are unavailable with respect to the notes. Investors should consult their own tax advisors regarding all aspects of the application of the PFIC rules to the notes, ordinary shares and ADSs.

***Failure to meet our obligations under our Purchase and Sale Agreement with BioPharma could adversely affect our financial results and liquidity.***

Pursuant to our December 2012 Purchase and Sale Agreement with BioPharma, we are obligated to make payments to BioPharma based on the amount of our net product sales of Vascepa and any future products based on ethyl-EPA, or covered products, subject to certain quarterly caps.

Pursuant to this agreement, we may not, among other things: (i) incur indebtedness greater than a specified amount, which we refer to as the Indebtedness Covenant; (ii) pay a dividend or other cash distribution, unless we have cash and cash equivalents in excess of a specified amount after such payment; (iii) amend or restate our memorandum and articles of association unless such amendments or restatements do not affect BioPharma's interests under the transaction; (iv) encumber any of the collateral securing our performance under the agreement; and (v) abandon certain patent rights, in each case without the consent of BioPharma.

Upon a transaction resulting in a change of control of Amarin, as defined in the agreement, BioPharma will be automatically entitled to receive any amounts not previously paid, up to our maximum repayment obligation. As defined in the agreement, "change of control" includes, among other things, (i) a greater than 50 percent change in the ownership of Amarin, (ii) a sale or disposition of any collateral securing our debt with BioPharma and (iii), unless BioPharma has been paid a certain amount under the indebtedness, the licensing of Vascepa to a third party for sale in the United States. The acceleration of the payment obligation in the event of a change of control transaction may make us less attractive to potential acquirers, and the payment of such funds out of our available cash or acquisition proceeds would reduce acquisition proceeds for our stockholders.

To secure our obligations under the agreement, we granted BioPharma a security interest in our rights in patents, trademarks, trade names, domain names, copyrights, know-how and regulatory approvals related to the covered products, all books and records relating to the foregoing and all proceeds of the foregoing, which we refer to as the collateral. If we (i) fail to deliver a payment when due and do not remedy that failure within specific notice period, (ii) fail to maintain a first-priority perfected security interest in the collateral in the United States and do not remedy that failure after receiving notice of such failure or (iii) become subject to an event of bankruptcy, then BioPharma may attempt to collect the maximum amount payable by us under this agreement (after deducting any payments we have already made).

There can be no assurance that we will not breach the covenants or other terms of, or that an event of default will not occur under, this agreement and, if a breach or event of default occurs, there can be no assurance that we will be able to cure the breach within the time permitted. Any failure to pay our obligations when due, any breach or default of our covenants or other obligations, or any other event that causes an acceleration of payment at a time when we do not have sufficient resources to meet these obligations, could have a material adverse effect on our business, results of operations, financial condition and future viability.

***Our existing indebtedness could adversely affect our financial condition.***

Our existing indebtedness, which we entered into in January 2012, consists of \$150.0 million in aggregate principal amount of 3.50% exchangeable senior notes due 2032, with provisions for the notes to be called on or after January 19, 2017. Our indebtedness and the related annual debt service requirements may adversely impact our business, operations and financial condition in the future. For example, they could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to raise additional funds by borrowing or engaging in equity sales in order to fund future working capital, capital expenditures, research and development and other general corporate requirements;
- require us to dedicate a substantial portion of our cash to service payments on our debt; or
- limit our flexibility to react to changes in our business and the industry in which we operate or to pursue certain strategic opportunities that may present themselves.

***The accounting method for convertible debt securities that may be settled in cash, such as our notes, could have a material effect on our reported financial results.***

Under the FASB Accounting Standards Codification, or ASC, we may be required to separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC on the accounting for our outstanding convertible notes may be that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheets and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we may be required to record non-cash interest expense as a result of the amortization of the discounted carrying value of the notes to their face amount over the term of the notes. We may be required to report higher interest expense in our financial results because ASC may require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results and the trading price of our ADSs.

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Servicing our debt may require a significant amount of cash, and we may not have sufficient cash flow from our business to provide the funds sufficient to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, including the notes, and have a material adverse effect on the trading price of our ADSs.

We may be able to incur substantial additional debt in the future, subject to the restrictions contained in our future debt instruments, if any, which would intensify the risks discussed above.

***The conditional exchange feature of the notes, if triggered, may adversely affect our financial condition and operating results.***

In the event the conditional exchange feature of the notes is triggered, holders of notes will be entitled to exchange the notes at any time during specified periods at their option. If one or more holders elect to exchange their notes, unless we elect to satisfy its exchange obligation by delivering solely the ADSs (other than cash in lieu of any fractional ADS), we would be required to settle a portion or all of its exchange obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to exchange their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

***The fundamental change repurchase feature of the notes may delay or prevent an otherwise beneficial takeover attempt of us.***

The indenture governing the notes will require us to repurchase the notes for cash upon the occurrence of a fundamental change of Amarin and, in certain circumstances, to increase the exchange rate for a holder that exchanges its notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we purchase the notes and/or increase the exchange rate, which could make it more costly for a potential acquirer to engage in a combinatory transaction with us. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

***We do not intend to pay cash dividends on the ordinary shares in the foreseeable future.***

We have never paid dividends on ordinary shares and do not anticipate paying any cash dividends on the ordinary shares in the foreseeable future. Under English law, any payment of dividends would be subject to relevant legislation and our Articles of Association, which requires that all dividends must be approved by our Board of Directors and, in some cases, our shareholders, and may only be paid from our distributable profits available for the purpose, determined on an unconsolidated basis.

***The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.***

We are incorporated under English law. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of ADSs, are governed by English law, including the provisions of the Companies Act 2006, and by our Articles of Association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. The principal differences include the following:

- Under English law and our Articles of Association, each shareholder present at a meeting has only one vote unless demand is made for a vote on a poll, in which case each holder gets one vote per share owned. Under U.S. law, each shareholder typically is entitled to one vote per share at all meetings. Under English law, it is only on a poll that the number of shares determines the number of votes a holder may cast. You should be aware, however, that the voting rights of ADSs are also governed by the provisions of a deposit agreement with our depository bank.
- Under English law, subject to certain exceptions and disapplications, each shareholder generally has preemptive rights to subscribe on a proportionate basis to any issuance of ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares for cash. Under U.S. law, shareholders generally do not have preemptive rights unless specifically granted in the certificate of incorporation or otherwise.
- Under English law and our Articles of Association, certain matters require the approval of 75% of the shareholders who vote (in person or by proxy) on the relevant resolution (or on a poll shareholders representing 75% of the ordinary shares voting (in person or by proxy)), including amendments to the Articles of Association. This may make it more difficult for us to complete corporate transactions deemed advisable by our board of directors. Under U.S. law, generally only majority shareholder approval is required to amend the certificate of incorporation or to approve other significant transactions.
- In the United Kingdom, takeovers may be structured as takeover offers or as schemes of arrangement. Under English law, a bidder seeking to acquire us by means of a takeover offer would need to make an offer for all of our outstanding ordinary shares/ADSs. If

acceptances are not received for 90% or more of the ordinary shares/ADSs under the offer, under English law, the bidder cannot complete a “squeeze out” to obtain 100% control of us. Accordingly, acceptances of 90% of our outstanding ordinary shares/ADSs will likely be a condition in any takeover offer to acquire us, not 50% as is more common in tender offers for corporations organized under Delaware law. By contrast, a scheme of arrangement, the successful completion of which would result in a bidder obtaining 100% control of us, requires the approval of a majority of shareholders voting at the meeting and representing 75% of the ordinary shares voting for approval.

- Under English law and our Articles of Association, shareholders and other persons whom we know or have reasonable cause to believe are, or have been, interested in our shares may be required to disclose information regarding their interests in our shares upon our request, and the failure to provide the required information could result in the loss or restriction of rights attaching to the shares, including prohibitions on certain transfers of the shares, withholding of dividends and loss of voting rights. Comparable provisions generally do not exist under U.S. law.
- The quorum requirement for a shareholders’ meeting is a minimum of two shareholders entitled to vote at the meeting and present in person or by proxy or, in the case of a shareholder which is a corporation, represented by a duly authorized officer. Under U.S. law, a majority of the shares eligible to vote must generally be present (in person or by proxy) at a shareholders’ meeting in order to constitute a quorum. The minimum number of shares required for a quorum can be reduced pursuant to a provision in a company’s certificate of incorporation or bylaws, but typically not below one-third of the shares entitled to vote at the meeting.

***U.S. shareholders may not be able to enforce civil liabilities against us.***

We are incorporated under the laws of England and Wales, and our subsidiaries are incorporated in various jurisdictions, including foreign jurisdictions. A number of the officers and directors of each of our subsidiaries are non-residents of the United States, and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to affect service of process within the United States upon such persons or to enforce against them judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors that there is doubt as to the enforceability in England in original actions, or in actions for enforcement of judgments of U.S. courts, of civil liabilities to the extent predicated upon the federal securities laws of the United States.

***U.S. holders of the ADSs or ordinary shares may be subject to U.S. federal income taxation at ordinary income tax rates on undistributed earnings and profits.***

There is a risk that we will be classified as a controlled foreign corporation, or CFC, for U.S. federal income tax purposes. If we are classified as a CFC, any ADS holder or shareholder that is a U.S. person that owns directly, indirectly or by attribution, 10% or more of the voting power of our outstanding shares may be subject to U.S. income taxation at ordinary income tax rates on all or a portion of our undistributed earnings and profits attributable to “subpart F income.” Such 10% holder may also be taxable at ordinary income tax rates on any gain realized on a sale of ordinary shares or ADS, to the extent of our current and accumulated earnings and profits attributable to such shares. The CFC rules are complex and U.S. Holders of the ordinary shares or ADSs are urged to consult their own tax advisors regarding the possible application of the CFC rules to them in their particular circumstances.

**Item 5. Other Information**

On August 3, 2013, Dr. Paresh Soni, formerly the Company’s head of development, and the Company agreed to end Dr. Soni’s employment relationship effective August 9, 2013. Since February 2012, Dr. Soni has had no direct reports and has served in an advisory role to the new President of Research and Development.

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[Table of Contents](#)**Item 6. Exhibits**

The following exhibits are incorporated by reference or filed as part of this report.

| <u>Exhibit<br/>Number</u> | <u>Description</u>                                                                                                                                                       |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1                       | Articles of Association of the Company                                                                                                                                   |
| 31.1                      | Certification of Chief Executive Officer (Principal Executive Officer) pursuant to Section 302 of Sarbanes-Oxley Act of 2002                                             |
| 31.2                      | Certification of President (Principal Financial Officer) pursuant to Section 302 of Sarbanes-Oxley Act of 2002                                                           |
| 32.1                      | Certification of Chief Executive Officer (Principal Executive Officer) and President (Principal Financial Officer) pursuant to Section 906 of Sarbanes-Oxley Act of 2002 |
| 101.INS                   | XBRL Instance Document*                                                                                                                                                  |
| 101.SCH                   | XBRL Taxonomy Extension Schema Document*                                                                                                                                 |
| 101.CAL                   | XBRL Taxonomy Extension Calculation Linkbase Document*                                                                                                                   |
| 101.DEF                   | XBRL Taxonomy Extension Definition Linkbase Document*                                                                                                                    |
| 101.LAB                   | XBRL Taxonomy Extension Label Linkbase Document*                                                                                                                         |
| 101.PRE                   | XBRL Taxonomy Extension Presentation Linkbase Document*                                                                                                                  |

\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

**SIGNATURE**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMARIN CORPORATION PLC

By: /s/ John F. Thero  
John F. Thero  
*President* (Principal Financial Officer)  
(On behalf of the Registrant)

Date: August 8, 2013

**THE COMPANIES ACTS 1985 to 2006**  
**PUBLIC COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**(Adopted by Special Resolution passed on 9 July 2013)**  
**-of-**  
**AMARIN CORPORATION PLC**  
**(Incorporated 1st March 1989)**

**THE COMPANIES ACTS 1985 to 2006**  
**PUBLIC COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**-of-**  
**AMARIN CORPORATION PLC**  
**(Adopted by a Special Resolution passed on 9 July 2013)**

**PRELIMINARY**

1. This document comprises the articles of association of the Company and no regulations set out in any statute or in any statutory instrument or other subordinate legislation concerning companies shall apply as regulations or articles of the Company.

**INTERPRETATION**

2. In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column.

**MEANINGS**

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“2006 Act”</b>           | The Companies Act 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>“address”</b>            | wherever used in relation to any communication in electronic form includes any number or address used for the purposes of such communications.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Alternate Director”</b> | a person appointed by a Director to act in his place if he is absent from a meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“these Articles”</b>     | these Articles of Association in their present form or as from time to time altered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Auditors”</b>           | the auditors of the Company from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Board”</b>              | the board of directors of the Company or the Directors present at a Board Meeting at which a quorum is present.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Board Meeting”</b>      | a meeting of the Directors held in accordance with these Articles.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Change of Control”</b>  | with respect to the Company, the occurrence of any of the following:— <ol style="list-style-type: none"><li>(a) any transaction or series of related transactions which results in any Person, whether directly or indirectly, holding in aggregate over 50% of total voting rights conferred by all shares in the capital of the Company for the time being in issue and which confer the right to vote at all general meetings of the Company; or</li><li>(b) any consolidation, merger, demerger, joint venture, recapitalisation of the Company with or into any other Person or any other corporate reorganisation after which the Members of the Company immediately prior to such consolidation, merger, demerger, joint venture, recapitalisation or other reorganisation own directly or indirectly less than 50% of the surviving corporation or entity’s voting power immediately after such transaction; or</li><li>(c) a winding up of the Company; or</li><li>(d) if during any period of two consecutive years the Continuing Directors cease for any reason to constitute a majority of the Board.</li></ol> |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Change of Control Notice”</b>         | <p>a written notice given, within 30 days following a Change of Control, to holders of such series of Preference Shares entitled to redeem their Preference Shares on a Change of Control in accordance with Article 16, stating:</p> <p>(a) that a Change of Control has occurred;</p> <p>(b) the date of redemption which will be no earlier than 10 days nor later than 60 days from the date the Change of Control Notice is sent (the <b>“Change of Control Redemption Date”</b>); and</p> <p>(c) the instructions determined by the Company, consistent with these Articles, that a holder must follow in order to have its Preference Shares redeemed.</p> |
| <b>“clear days”</b>                       | in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>“the Company”</b>                      | Amarin Corporation plc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>“Continuing Directors”</b>             | as of any date of determination and with respect to any series of Preference Shares, any member of the Board who was (a) a member of such Board on the date of issuance of such series of Preference Shares; or (b) nominated for election or elected to such Board with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.                                                                                                                                                                                                                                                        |
| <b>“debenture”</b>                        | shall include debenture stock and “debenture holder” debenture stockholder respectively.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Directors”</b>                        | directors of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“electronic copy”</b>                  | have the meanings given in section 1168 of the 2006 Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“electronic form” and “electronic”</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>“Executive Director”</b>               | a Managing Director, Joint Managing Director, or Assistant Managing Director of the Company or a Director who is the holder of any other employment or executive office with the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>“Existing Preference Shares”</b>       | Preference Shares in the capital of the Company which are in issue at the relevant time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Existing Shares”</b>                  | shares in the capital of the Company which are in issue at the relevant time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“hard copy” and “hard copy form”</b>   | have the meanings set out in section 1168 of the 2006 Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>“Member”</b>                           | a member of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>“Office”</b>                           | the registered office for the time being and from time to time of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>“Operator”</b>                         | a Person approved under the Regulations as operator of a relevant system (that is, a computer system which allows shares without share certificates to be transferred without using transfer forms).                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Ordinary Resolution”</b>           | a decision reached by a simple majority of votes; that is by more than 50% of the votes cast.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>“Ordinary Shares”</b>               | ordinary shares of 50 pence each in the capital of the Company.                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“paid up”</b>                       | paid up or credited as paid up.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>“Person”</b>                        | any individual, body corporate (wherever incorporated), unincorporated association, trust or partnership (whether or not having separate legal personality) government, state or agency of a state.                                                                                                                                                                                                                                                                         |
| <b>“Preference Shares”</b>             | The preference shares of 5 pence each in the capital of the Company (or such other nominal value as such shares or any series thereof may be consolidated and/or subdivided into from time to time in accordance with these Articles).                                                                                                                                                                                                                                      |
| <b>“Redemption Date”</b>               | in respect of a particular series of Preference Shares to which Articles 16 to 20 apply, 31st March, 30th June, 30th September and 31st December in each year (up to and including 31st December in the year in which the 20th anniversary of the date of issue of such series of Preference Shares falls) provided that in respect of each such date, the Directors determine at the time of issue of such series of Preference Shares that it is to be a Redemption Date. |
| <b>“Redemption Notice”</b>             | has the meaning set out in Article 13.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Register”</b>                      | The Register of Members of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Regulations”</b>                   | The Uncertificated Securities Regulations 2001 (SI 2001 No 2001/3755) (as amended by The Companies Act 2006 (Consequential Amendments) (Uncertified Securities) Order 2009) including any modification thereof or any regulations in substitution therefor for the time being in force.                                                                                                                                                                                     |
| <b>“Seal”</b>                          | the common seal (if any) of the Company or any official seal that the Company may be permitted to have under the Statutes.                                                                                                                                                                                                                                                                                                                                                  |
| <b>“Secretary”</b>                     | includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary.                                                                                                                                                                                                                                                                                                                                            |
| <b>“Share Warrants”</b>                | has the meaning set out in Article 40.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Shareholder Redemption Notice”</b> | has the meaning set out in Article 16.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>“Special Resolution”</b>            | a decision reached by a majority of at least 75 per cent of votes cast.                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>“Statutes”</b>                      | The 2006 Act and every other English statute or enactment for the time being in force applicable to the Company.                                                                                                                                                                                                                                                                                                                                                            |
| <b>“Stock Exchange”</b>                | London Stock Exchange Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>“Treasury Shares”</b>               | has the meaning set out in section 724(5) of the 2006 Act.                                                                                                                                                                                                                                                                                                                                                                                                                  |

References in these Articles to writing shall mean the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether in electronic form or otherwise, and “written” shall be construed accordingly.

References to a document being “sent”, “supplied” or “given” to or by a person means such document or information, or a copy of such document or information, being sent, supplied, given, delivered, issued or made available to or by, or served on or by, or deposited with or by that person by any method authorised by these Articles, and “sending”, “supplying” and “giving” shall be construed accordingly.

Reference in these Articles to a share (or a holding of shares) being in uncertificated form or in certificated form shall be references respectively to that share being an uncertificated unit of a security or a certificated unit of security.

A dematerialised instruction shall be properly authenticated if it complies with the specifications referred to in paragraph 5(b) of Schedule 1 to the Regulations.

Words denoting the singular number shall include the plural number and vice versa; words denoting the masculine gender shall include the feminine gender; words denoting persons shall include corporations.

References to any statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force.

Save as aforesaid words and expressions defined in the Statutes or the Regulations will bear the same meaning in these Articles if not inconsistent with the subject in the context, save that the word “company” shall include any body corporate.

Where, for any purpose, an Ordinary Resolution of the Company is required a Special Resolution shall also be effective.

## **BUSINESS**

3. Any branch or kind of business which by these Articles is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Company at such a time as the Board shall consider appropriate, and, further, may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

## **LIMITED LIABILITY**

- 3.1 The liability of the Members is limited to the amount, if any, unpaid on the shares in the capital of the Company held by them.

## **SHARE CAPITAL**

4. The rights of the holders of Ordinary Shares to income and capital are as follows:

- (i) Rights to income

Any profits which the Company (subject to Article 163) decides to distribute to the holders of Ordinary Shares shall be subject to the rights of any other class of shares which then exist.

- (ii) Rights to capital

If there is a return of capital because the Company is wound up, the Company’s assets which are left after paying its liabilities will be distributed to the holders of the Ordinary Shares in proportion to the amounts paid up on their Ordinary Shares. This is subject to the rights of any other class of shares which then exist.

## **PREFERENCE SHARES**

### **Creation of rights**

5. Notwithstanding the provisions of Article 34 and subject as provided in Articles 6 to 30 inclusive, the Preference Shares may be issued with such rights and subject to such restrictions and limitations as the Directors shall determine in the resolution of the Directors approving the issue of such shares and changes to these Articles shall not be required to do this and in particular (but without prejudice to the generality of the foregoing) the Directors may (without prejudice to the authority conferred by Article 27) pursuant to the authority given by the passing of the resolution to adopt this paragraph consolidate and divide and/or sub-divide the Preference Shares into shares of a larger or smaller amount (and so that the provisions of Article 31 shall, where relevant, apply to any such consolidation and division or sub-division).
6. The Preference Shares can be issued in one or more separate series and each series will constitute a separate class of shares.

7. The Directors must determine the particular rights attaching to a series of Preference Shares before the Preference Shares of that series are allotted and where the Directors determine on the particular rights to be attached to any series of Preference Shares these do not have to be the same as the particular rights which are attached to any existing series of Preference Shares. Without prejudice to Articles 8 and 9, the rights and restrictions attached to any series of Preference Shares determined by the Directors can give such series priority over some or all of the rights of Existing Shares.

#### **Income**

8. Without prejudice to Article 7, the Preference Shares shall (save where the rights attached to a particular series of Preference Shares determined by the Directors prior to issue provide otherwise) rank as regards the payment of dividends, in priority to the payment of any dividend to the holders of any class of shares not being Preference Shares. Whilst there remains any arrears or deficiency of the dividend payable on any Preference Share or whilst any redemption moneys payable on any Preference Share remain unpaid after the date of payment thereof, no dividends or other distributions may be declared paid or made on any class of shares not being Preference Shares and the Directors shall not exercise the powers contained in Articles 172, 173 or 175.

#### **Capital**

9. On a return of capital on winding up or otherwise (other than on a purchase of shares by the Company) the Preference Shares shall (save where the rights attached to a particular series of Preference Shares determined by the Directors prior to issue provide otherwise) rank in priority to any payment to the holders of any other class of shares not being Preference Shares provided that no purchases of shares by the Company may be effected whilst there remain any arrears or deficiency of the dividend payable on any Preference Share or whilst any redemption moneys payable on any Preference Share remain unpaid after the date for payment thereof.

#### **Currency**

10. Unless the rights attached to any Preference Share or the Articles provide otherwise a dividend or any other money payable in respect of a Preference Share can be paid to a shareholder in whatever currency the Directors determine, using an appropriate exchange rate selected by the Directors.

#### **Redemption**

11. Subject to the Statutes, the Directors shall determine, before the Preference Shares of a series have been first allotted, whether such series can be redeemed, and if so whether (i) at the option of the Company in accordance with Articles 12 to 15; and/or (ii) at the option of the holders of the series of Preference Shares in accordance with Articles 16 to 20. Articles 21 to 27 shall apply to all series of Preference Shares which the Directors have determined can be redeemed. A particular series of Preference Shares cannot, however, be redeemed if the Articles so provide or the Directors have determined, before the Preference Shares of that series have been first allotted that the Preference Shares of that series cannot be redeemed.

#### **Redemption by the Company**

12. When a Preference Share is redeemed at the option of the Company, the following will be paid for each Preference Share:
  - (a) the amount of the nominal value paid on the Preference Share, or the amount of the nominal value treated as paid up on it;
  - (b) any dividend which has accrued on the Redemption Date but only if the Directors have determined before any Preference Shares of that series were first allotted that such dividend should be paid when that share is redeemed or the Articles so provide; and
  - (c) any premium paid when the Preference Share was issued.Notwithstanding Article 10, the payment will be in the currency in which the Preference Share is denominated unless the Directors determine otherwise.
13. In order to redeem some or all of the Preference Shares of a particular series on a Redemption Date applicable to that series, the Company will give the holders of that particular series of Preference Shares notice in writing containing the information required by Article 15 (a “**Redemption Notice**”).  
The Redemption Notice must be given at least 10 days before the applicable Redemption Date, but not more than 60 days before the applicable Redemption Date.

For any series of Preference Shares which is first allotted as redeemable Preference Shares, the Directors may, before that series is first allotted, in addition to, or instead of, the dates referred to earlier in this Article 13:

- (a) fix a date when the shares will be, or may be, redeemed;
- (b) fix a date by which the shares will be, or may be, redeemed; and/or
- (c) fix dates between which the shares will be, or may be, redeemed.

14. If the Company is only going to redeem some of a series of Preference Shares, it shall determine which Preference Shares to redeem by lot or pro-rata to the number of Preference Shares held by the holders of that series or on such basis as the Directors consider appropriate at the time. This will be drawn at the Office or at any other place determined by the Directors.

15. A Redemption Notice must state:

- (a) the Redemption Date on which the Preference Shares shall be redeemed;
- (b) the number of Preference Shares which are to be redeemed;
- (c) the redemption payment (specifying details of the amount of any dividend which may have accrued but is unpaid, which will be included in the redemption payment if the Directors have decided before any Preference Shares of that series were first allotted that such dividend should be paid when the shares are redeemed);
- (d) in the case of holders of Preference Shares who hold their Preference Shares in certificated form, the place or places where documents of title for the Preference Shares must be presented and surrendered, and where the redemption payment will be made; and
- (e) in the case of Preference Shares held in uncertificated form, details of the issuer-instruction to be sent to the relevant system by the Company requesting the deletion of the entries in the relevant system relating to the relevant Preference Shares.

On the relevant Redemption Date, the Company shall redeem the relevant Preference Shares. This is subject to the other provisions of these Articles and also to the Statutes.

#### **Redemption by holders of Preference Shares**

16. The Directors shall determine before the Preference Shares of a series have been first allotted whether such series can be redeemed at the option of the holders of a series of Preference Shares on a Redemption Date and/or on a Change of Control and, if the Directors do so determine, the holders shall be entitled but not obliged:
- (a) in the case of Preference Shares redeemable on a Redemption Date, by giving written notice to the Company of at least 30 days but not more than 60 days prior to the applicable Redemption Date; and
  - (b) in the case of Preference Shares redeemable on a Change of Control, by giving written notice to the Company in accordance with the instructions determined by the Company, consistent with these Articles, in the Change of Control Notice,
- (the written notice given to the Company in (a) and (b) above, being, in each case, the **“Shareholder Redemption Notice”**)
- to require the Company to redeem such number of Preference Shares as is specified in the Shareholder Redemption Notice.
17. Where a Shareholder Redemption Notice has been duly given, the Company shall be obliged (subject to having sufficient distributable profits or other means in accordance with the Statutes with which to redeem the same) to redeem the Preference Shares specified in the Shareholder Redemption Notice on the applicable Redemption Date or the Change of Control Redemption Date, as the case may be.
18. If the Company is unable (because of having insufficient distributable profits or other means in accordance with the Statutes) to redeem in full the relevant number of Preference Shares on the applicable Redemption Date or the Change of Control Redemption Date, as the case may be, the Company shall redeem as many of such Preference Shares as can lawfully and properly be redeemed and the Company shall redeem the balance as soon as it is lawfully and properly able to do so.
19. If the Company is able to redeem some only of a series of Preference Shares, it shall determine which Preference Shares to redeem by lot or pro-rata the number of Preference Shares held by the holders of that series or on such basis as the Directors consider appropriate at the time. This will be drawn at the Office or at any other place determined by the Directors.

20. When a Preference Share is redeemed at the option of the holders of the Preference Shares, the following will be paid for each Preference Share:
- (a) the amount of the nominal value paid on the Preference Share, or the amount of the nominal value treated as paid up on it;
  - (b) any dividend which has accrued on the applicable Redemption Date or the Change of Control Redemption Date, as the case may be but only if the Directors have determined before any Preference Share of that series were first allotted that such dividend should be paid when that share is redeemed or the Articles so provide; and
  - (c) any premium paid when the Preference Share was issued.

Notwithstanding Article 10, the payment will be in the currency in which the Preference Share is denominated unless the Directors determine otherwise.

#### **General Redemption Provisions**

21. Unless the terms of issue provide otherwise, the redemption payment will be made by:
- (a) a cheque drawn on any reputable bank; or
  - (b) a transfer to an account held by the person to be paid at any bank, if the holder or joint holders has or have requested this in writing in reasonable time (as determined by the Directors) before the applicable Redemption Date or Change of Control Redemption Date, as the case may be; or
  - (c) any other method which the Directors may determine and which is specified in the Redemption Notice the Change of Control Notice, or otherwise.
22. In the case of Preference Shares held in certificated form, payment will be made when the relevant share certificate is presented and surrendered at the Office or (in the case of redemption at the option of the Company) at the place, or any of the places, stated in the Redemption Notice. If a certificate is for more Preference Shares than are to be redeemed, the Company shall send a certificate for the balance. This certificate shall be sent within 14 days of redemption to the registered holder, or to the first-named joint holder, free of charge, but at the holder's risk. In the case of Preference Shares held in uncertificated form, payment will be made when the Company has received confirmation from the relevant system of the deletions of the relevant entries on the relevant system.
23. All redemption payments will be made after complying with any tax laws, and any other laws, which apply.
24. The dividend on any Preference Shares which are to be redeemed will stop accruing from the date on which the redemption payment is due. But if the redemption payment is wrongly withheld or refused after it has become due, the dividend will be treated as continuing to accrue. This will be at the rate or rates which would have applied without the redemption, and will apply from that date until the day the redemption payment is made. The Preference Shares will not be treated as having been redeemed until the redemption payment has been made.
25. If the date on which the redemption payment is due is not a working day, then the payment will be made on the next working day. There will be no interest or other payment for the delay.
26. If the holder of any Preference Share which is being redeemed gives the Company a receipt for the redemption payment, or if the law treats him or her as giving a receipt, this will establish conclusively that the Company has carried out its obligation in respect of such redemption payment completely. If a Preference Share is held jointly, this will apply to any receipt, or anything the law treats as a receipt, from the first-named joint holder.
27. Subject to any restrictions in the Statutes, if the Company redeems or buys back any Preference Shares, the Directors can (pursuant to the authority given by the passing of the resolution to adopt this Article 27 and without prejudice to the authority conferred by Article 31) do either or both of the following things relating to the share capital representing the Preference Shares:
- (a) change the nominal amount of Preference Shares into preference shares of a larger or smaller nominal amount; or
  - (b) convert this capital into shares of any other class of share capital in the same currency which exists at the time, or into unclassified shares in the same currency, with as near as possible the same total nominal amount.

Article 31 will apply to any change to the amount of Preference Shares which is carried out under Article 27.

## Converting Preference Shares into other shares

28. If any Preference Shares are issued which are expressed to be convertible into Ordinary Shares, into any other class of shares which rank equally with, or behind, Existing Preference Shares in sharing in the profits and assets of the Company, or into any other security, these are called **“Convertible Preference Shares”**. If the Convertible Preference Shares become due to be converted, the Directors can determine that they will be converted by way of redemption as set out in Article 29. In addition, Preference Shares may be issued which are expressed to be convertible in such manner as the Statutes allow.
29. The Directors may decide to convert any Convertible Preference Shares by redeeming such shares at their nominal value. The redemption must be made out of the proceeds of a fresh issue of Ordinary Shares or any other shares or security into which they can be converted and the following will apply:
  - (a) the holders of the Convertible Preference Shares shall have the right and obligation to use the proceeds of redemption to subscribe for the number of Ordinary Shares or other shares or security (the **“Conversion Securities”**), set by the terms of the Convertible Preference Shares;
  - (b) the Conversion Securities will be subscribed for at the premium (if any) which is equal to the proceeds of redemption, less the nominal amount of the Conversion Securities. If the Convertible Preference Shares are not in sterling, the Directors will decide on the equivalent amount of sterling to work out the premium;
  - (c) each holder of Convertible Preference Shares will be deemed to have irrevocably authorised and instructed the Secretary, or anybody else the Directors determine, to subscribe for the Conversion Securities in this way; and
  - (d) if a holder of Convertible Preference Shares converts them, or if someone does this for him or her, he or she will be treated as authorising and instructing the Directors to pay his or her redemption proceeds to the Secretary, or anybody else the Directors determine, and to subscribe for the Conversion Securities. If the redemption proceeds are not in sterling, the Directors can determine how this is to be converted into sterling before being paid.
30. In respect of any conversion of Preference Shares, the following provisions shall have effect generally:
  - (a) conversion of the Preference Shares may be effected in such manner as the Directors shall from time to time determine (subject to the provisions of the Statutes), including (without limitation) by conversion of the Preference Shares into Conversion Securities and, if applicable, the allotment by way of capitalisation of reserves or share premium account of such number of additional Conversion Securities as may be required or by redemption as set out in Article 29;
  - (b) all Preference Shares which have been surrendered for conversion shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate on the conversion date, except that the right of the holders thereof to receive Conversion Shares in exchange therefor and payment of any dividends declared but unpaid thereon;
  - (c) the Conversion Securities resulting from the conversion shall rank *pari passu* in all respects with the Conversion Securities of the same class then in issue (save as otherwise specifically provided);
  - (d) the Company will not do any act or thing if, as a result, the exercise of conversion rights would involve the issue of Conversion Securities at a discount;
  - (e) no fraction of a Conversion Security shall be issued upon conversion of the Preference Shares. Fractional entitlements to shares shall be disregarded;
  - (f) on conversion the Preference Shares shall convert into such number of Conversion Securities as determined by the applicable conversion rate as necessary to maintain the capital of the Company;
  - (g) conversion shall take effect on a conversion date at no cost to relevant holders and the shares to be converted shall be apportioned rateably (or as near thereto as may be practicable to avoid the apportionment of a fraction of a share) among the holders of shares of that class and the certificate of the Auditors as to the number of shares to be converted, the shares into which they convert and the apportionment of such shares among the relevant holders shall (in the absence of fraud or manifest error) be conclusive and binding on the Company and upon all holders of the applicable Preference Shares and holders of the Conversion Securities;
  - (h) forthwith after the conversion date the Company shall issue to the persons entitled thereto certificates for the Conversion Securities resulting from the conversion; and
  - (i) the relevant holders of the Preference Shares shall be bound to deliver the certificates therefore to the Company for cancellation.

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## ALTERATION OF CAPITAL

31. Subject to the special rights of the holders of any particular class in the capital of the Company, the Company may from time to time by Ordinary Resolution:
- (a) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
  - (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled; or
  - (c) sub-divide its shares, or any of them, into shares of smaller amount than the existing shares in the capital of the Company (subject, nevertheless, to the Statutes), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares.
32. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under Article 31(b) and in particular may issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by an irregularity or invalidity in the proceedings relating to the sale.
33. The Company may from time to time by Special Resolution subject to any confirmation or consent required by law, reduce its issued share capital or any capital redemption reserve fund or any share premium account in any manner.

## SHARE RIGHTS

34. Subject to any special rights conferred on the holders of any shares or class of shares and the Statutes, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions as the Company may by Ordinary Resolution determine. The Company shall, if required in accordance with sections 555, 636 or 637 of the 2006 Act, within one month after allotting shares deliver to the Registrar of Companies a statement in the prescribed form containing particulars of special rights.
35. Subject to the Statutes, the Company may purchase in any manner the Board considers appropriate any of its own shares of any class (including redeemable shares) at any price and any shares to be so purchased may be selected by the Board in any manner whatever provided that if there are in issue any securities of the Company which are listed on the Official List of the Stock Exchange and are convertible into equity share capital of the class proposed to be purchased the Company shall not exercise such powers without the sanction of a Special Resolution passed at a separate meeting of the holders of each class of securities unless the terms of issue of such securities include provisions permitting the Company to make such purchases.
36. Save as expressly permitted by the Statutes the Company shall not give financial assistance, whether directly or indirectly, for the purposes of the acquisition of any shares in the Company or its holding company (if any) or for reducing or discharging any liability incurred for the purpose of any such acquisition.

## MODIFICATION OF RIGHTS

37. Subject to the Statutes and the special rights attaching to any class of shares, all or any of the special rights for the time being attached to any class of shares may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class (excluding any shares of that class held as Treasury Shares) or with the sanction of a Special Resolution passed at a separate meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall, mutatis mutandis, apply, but so that:
- (a) the necessary quorum (other than at an adjourned meeting) shall be two or more persons holding or representing by proxy not less than one-third of the issued shares of the class (excluding any shares of that class held as Treasury Shares) and at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum and for the purposes of these Articles one holder present in person or by proxy may constitute a meeting;
  - (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
  - (c) any holder of shares of the class present in person or by proxy may demand a poll.

38. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith but in no respect in priority thereto or by any reduction of the capital paid up thereon or by any purchase by the Company of its own shares.

## **SHARES**

39. Any share may be issued in certificated or uncertificated form and converted from certificated form into uncertificated form and vice versa in accordance with the Statutes or any subordinated legislation made from time to time under the Statutes and the Directors shall have power to implement any arrangements they think fit in respect of shares in certificated form or uncertificated form and for the conversion of shares in certificated into uncertificated form and vice versa which accord with the Statutes or such subordinate legislation.
40. The Directors may issue warrants in respect of fully paid up shares (hereinafter called “share warrants”) stating that the bearer is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in such warrants. The Directors may determine and from time to time vary the conditions upon which share warrants shall be issued and upon which a new share warrant or coupon shall be issued in the place of one worn out defaced or destroyed but no new share warrant or coupon shall be issued to replace one that has been lost unless it is proved to have been destroyed. The Directors may also determine and from time to time vary the conditions upon which the bearer of a share warrant shall be entitled to receive notices of and attend and vote at general meetings or to join in requisitioning general meetings and upon which a share warrant may be surrendered and the name of the holder entered in the Register in respect of the shares therein specified. Subject to such conditions and to these Articles the bearer of a share warrant shall be a Member to the full extent. The holder of a share warrant shall hold such warrant subject to the conditions for the time being in force with regard to share warrants whether made before or after the issue of such warrant.
41. The Company may in connection with the issue of any shares, exercise all powers of paying commission and brokerage conferred or permitted by the Statutes. Subject to the Statutes, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
42. Unless ordered by a Court of competent jurisdiction or required by law, no person will be recognised by the Company as holding any share upon any trust and the Company will not be bound by or required in any way to recognise (even when having notice thereof) any interest in any share in or (except only as otherwise provided by these Articles or by law) any right in respect of any share except an absolute right to the entirety thereof in the registered holder.
43. Subject to the Statutes and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

## **SHARE CERTIFICATES AND TITLE TO SHARES**

44. Title to any shares may be evidenced otherwise than by a definitive share certificate in accordance with the Statutes, the Regulations or any other subordinate legislation made from time to time under the Statutes and the Directors shall have power to implement such arrangements as they think fit for the evidencing of title to shares subject to compliance with the Statutes, the Regulations and such other subordinate legislation. The Company shall enter on the Register, in respect of all shares registered in the name of each holder, the number of such shares which are in certificated form and uncertificated form respectively.
45. Every person whose name is entered as a holder of any shares of any class in certificated form in the Register is entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. A Member who has transferred part of the shares is entitled to a certificate for the balance without charge.

46. Every certificate will be:
  - (a) issued (in the case of an issue of shares) within one month (or such longer period as the terms of the issue provide) after allotment or (in the case of a transfer of fully paid certificated shares) within five business days after lodgment of a transfer with the Company, not being a transfer which the Company is for the time being entitled to refuse to register and does not register; and
  - (b) under the Seal or in such other manner as the Board may approve and will specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon. The Board may determine, either generally or in any particular case or cases, that any signatures on any such certificates need not be autographic but may be affixed to such certificate by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.
47. If a share certificate is worn out, defaced, lost or destroyed it shall be replaced without fee but on such terms (if any) as to evidence and indemnity and to payment of any exceptional out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in the case of defaced or worn out certificates, on delivery of the old certificate to the Company.

#### **LIEN**

48. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable in respect of such share. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.
49. Subject to these Articles the Company may sell, in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen clear days after a notice in writing, stating and demanding payment of the sum presently payable, and giving notice of the intention to sell in default, has been served on the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
50. The net proceeds of sale shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

#### **CALLS ON SHARES**

51. Subject to these Articles and to the terms of allotment the Board may make calls upon the Members in respect of any money unpaid on their shares (whether in respect of nominal amount or premium), and each Member shall (subject to being given at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by such notice the amount called on his shares. A call may be postponed or revoked in whole or in part as the Board determines.
52. A call may be made payable by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.
53. A person upon whom a call is made will remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
54. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 15% per annum) as the Board may agree to accept together with all expenses that may have been incurred by the Company by reason of such non-payment, but the Board may waive payment of such interest and expenses wholly or in part.
55. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.

56. Subject to the terms of allotment, on the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
57. The Board may receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate, which (unless the Company by Ordinary Resolution otherwise directs) shall not exceed 12% per annum, as the Member paying such sum and the Board agree.

#### **FORFEITURE OF SHARES**

58. If a call or any instalment of a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen clear days' notice:
  - (a) requiring payment of the amount unpaid together with any interest which may have accrued;
  - (b) stating a place at which payment is to be made; and
  - (c) stating that if the notice is not complied with the shares on which the call was made will be liable to be forfeited.If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends before the forfeiture declared but not actually paid on the forfeited shares.
59. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such notice.
60. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, reference in these Articles to forfeiture will include surrender.
61. Until cancelled in accordance with the requirements of the Statutes, a forfeited share will be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
62. A person whose share has been forfeited shall cease to be a Member in respect of such share but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of his share, with interest thereon from the date of forfeiture until payment at such rate (not exceeding 15% per annum) as the Board determines. The Board may enforce payment without any allowance for the value of the forfeited share.
63. A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, or disposal of the share.

#### **TRANSFER OF SHARES**

64. Shares in uncertificated form may be transferred otherwise than by a written instrument in accordance with the Statutes the Regulations or any other subordinate legislation made from time to time under the Statutes and the Directors shall have power to implement such arrangements as they see fit for the transfer of such shares in compliance with the Statutes, the Regulations or such other subordinate legislation.
65. Subject to these Articles, any Member may transfer all or any of his shares which are in certificated form by an instrument of transfer in any usual form or in any other form approved by the Board.

66. The instrument of transfer shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the Register in respect thereof.
67. The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register:
- (a) a transfer of any shares which are not fully paid shares, provided only that dealings in such shares are not prevented from taking place on an open and proper basis;
  - (b) a transfer of a share on which the Company has a lien;
  - (c) a transfer in favour of more than four persons jointly;
  - (d) a transfer which relates to shares of more than one class;
  - (e) a transfer which is not duly stamped, lodged at the Office, or at such other place as the Board may from time to time determine and accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
68. If the Board refuses to register a transfer of a share, it shall within two months after the date on which the transfer was lodged with the Company, or, in the case of uncertificated shares, within two months after the date on which the relevant Operator-instruction (as defined in the Regulations) was received, send to the transferee notice of the refusal, as required by the Regulations or otherwise.
69. The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may determine in its absolute discretion.
70. No fee shall be charged for the registration of any transfer or other document or instruction relating to or affecting the title to any share, or for otherwise making any entry in the Register relating to any share.
71. All registered transfers will be retained by the Company, but all others shall (except in any case of fraud) be returned to the person depositing them.

## **TRANSMISSION OF SHARES**

72. If a Member dies, the survivor or survivors, where the deceased was a joint holder, and his personal representatives, where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of any deceased Member from any liability in respect of any share which had been jointly held by him.
73. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the holder he shall notify the Company to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person.
74. A person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for all benefits arising or accruing on or in respect of the share, but he shall not be entitled in respect of that share to receive notices of or to attend or vote at meetings of the Company or, save as aforesaid, to exercise in respect of any share any of the rights or privileges of a Member until he shall have become a Member in respect of the share. The Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the Board may thereafter withhold payment of all dividends and other moneys payable in respect of the share until the requirements of the notice have been complied with.

## **UNTRACED MEMBERS**

75. The Company may sell at the best price reasonably obtainable the certificated shares of a Member or the shares to which a person is entitled by means of transmission if and provided that:
- (a) during a period of twelve years all warrants and cheques sent by the Company through the post in a prepaid letter addressed to the Member at his registered address or to the person so entitled at the address shown in the Register as his address have remained uncashed;

- (b) during such period of twelve years the Company has declared and paid at least three dividends to the Members in accordance with their rights and interests;
- (c) the Company shall, at the end of such period of twelve years, advertise both in a leading national daily newspaper and in a newspaper circulating in the area of the said address, giving notice of its intention to sell the said shares;
- (d) during such period of twelve years and the period of three months following such advertisements the Company has had indication that such Member or person cannot be traced; and
- (e) if applicable, the Company has first given notice in writing to the Quotations Department of the Stock Exchange of its intention to sell such shares.

To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such shares or any of them and such instrument of transfer shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares. A statutory declaration in writing to the effect that the declarant is a Director or Secretary of the Company and that a share has been duly sold on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company shall account to the Member or other person entitled to such shares for the net proceeds of such sale and shall be deemed to be his debtor, and not a trustee for him in respect of the same. Any moneys not accounted for to the Member or other person entitled to such shares shall be carried to a separate account and shall be a permanent debt of the Company. Moneys carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the Board may from time to time determine.

## DISCLOSURE OF INTERESTS IN SHARES

76. Where any registered holder of any shares in the Company or any named person in respect of any shares in the Company fails to comply within fourteen days after service thereof with any notice (in this Article called a “statutory notice”) given by the Company under section 793 of the 2006 Act requiring him to give particulars of any interest in any such shares, the Company may give the registered holder of such shares a notice (in this Article called a “disenfranchisement notice”) stating or to the effect that such shares shall from the service of such disenfranchisement notice be subject to some or all of the following restrictions:
- (a) that such shares shall confer on such registered holder no right to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class until the statutory notice has been complied with and such shares shall confer no right to attend or vote accordingly;
  - (b) that the Directors may withhold payment of all or any part of any dividend (including shares issued in lieu of dividend) on such shares; and
  - (c) that the Directors may decline to register a transfer of such shares or any of them unless such transfer is pursuant to an arm’s length sale of the entire interest in such shares being a sale on a recognised investment exchange or on acceptance of a takeover offer or pursuant to any other sale which is in the reasonable opinion of the Directors at arm’s length;
- Provided that where such shares comprise less than 0.25% of the shares of any relevant class (excluding any shares in the Company held as Treasury Shares) in issue at the date of the disenfranchisement notice such notice shall only impose the restrictions set out in paragraph (a) above.
- For the purposes of this Article a “named person” means a person named as having an interest in the shares concerned in any response to any statutory notice served on the registered holder or on a person previously so named. A disenfranchisement notice may be cancelled by the Board at any time.
77. A disenfranchisement notice served pursuant to Article 76 shall cease to apply to any shares subject to such notice on the expiry of seven days from the earlier of:
- (a) receipt by the Company of notice that such shares have been sold to a third party pursuant to an arm’s length sale as specified in Article 76(c); and
  - (b) due compliance, to the satisfaction of the Company, with the statutory notice given in respect of such shares.
78. Any new shares issued in right of shares the subject of a disenfranchisement notice shall also be subject to such notice.

## GENERAL MEETINGS

79. The Directors shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Statutes.
80. The Directors may convene any other general meeting whenever they think fit and at such time and place as the Directors may determine. On the requisition of Members pursuant to the provisions of the Statutes, the Directors shall convene a general meeting in accordance with the requirements of the Statutes.

## NOTICE OF GENERAL MEETINGS

81. An annual general meeting shall be called on 21 clear days' notice at least, and any other general meeting (whether convened for the passing of an Ordinary Resolution or a Special Resolution) shall be called by at least 14 clear days' notice. Subject to the provisions of the Statutes, a general meeting may be called by shorter notice if it is so agreed:
  - (a) in the case of a meeting called as an annual general meeting by all the Members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right (excluding any shares in the Company held as Treasury Shares).The notice shall specify the time and place of meeting, and the general nature of the business to be transacted. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than such as, under the provisions of these Articles, or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company, and to all persons entitled to a share in consequence of the death or bankruptcy of a Member and to the Directors and the Auditors.
82. The accidental omission to give notice of a meeting or to send any notification required by the Statutes or these Articles in relation to the publication of a notice of meeting on a website or to send a form of proxy where required by the Statutes or these Articles, to any person entitled to receive it, or the non-receipt, of any such notice, notification or form of proxy by that person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.

## PROCEEDINGS AT GENERAL MEETINGS

83. No business shall be transacted at any general meeting unless a quorum is present, but the absence of a quorum shall not preclude the appointment, choice or election of a Chairman pursuant to Article 86 which shall not be treated as part of the business of the meeting. Save as provided in relation to an adjourned meeting, two Members entitled to vote at the meeting and present in person or by proxy or in the case of a corporation represented by a duly authorised officer shall be a quorum for all purposes.
84. If, within thirty minutes (or such longer time not exceeding one hour as the Chairman of the meeting may determine to wait), after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If, at the adjourned meeting, a quorum is not present within fifteen minutes from the time appointed for the meeting one person entitled to be counted in a quorum present at the meeting shall be a quorum.
85. Notwithstanding that he is not a Member, each Director may attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
86. The Chairman (if any) of the Board or, in his absence, a deputy Chairman (if any) shall preside as Chairman at every general meeting. If there is no such Chairman or deputy Chairman or, if at any meeting neither the Chairman nor a deputy Chairman is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as Chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as Chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the Secretary, if present, shall preside as Chairman if willing to act. If the Secretary is not present, or if the Secretary is present but declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be Chairman.
87. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a

meeting is adjourned for fourteen days or more, at least seven clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise, it shall be unnecessary to give notice of an adjournment.

88. (a) In the case of any general meeting the Directors may, notwithstanding the specification in the notice of the place of the general meeting (the "principal place") at which the Chairman of the meeting shall preside, make arrangements for simultaneous attendance and participation at other places by Members and proxies entitled to attend the general meeting but excluded from the principal place under the provisions of this Article.
- (b) Such arrangements for simultaneous attendance at the meeting may include arrangements regarding the level of attendance at places other than the principal place provided that they shall operate so that any Member and proxy excluded from attendance at the principal place is entitled to attend at one of the other places. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held and taking place at the principal place.
- (c) The Directors may, for the purpose of facilitating the organisation and administration of any general meeting to which such arrangements apply, from time to time make arrangements, whether involving the issue of tickets (on a basis intended to afford to all Members and proxies entitled to attend the meeting an equal opportunity of being admitted to the principal place) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in their place and the entitlement of any Member or proxy to attend a general meeting at the principal place shall be the subject to such arrangements as may be for the time being in force whether stated in the notice convening the meeting to apply to that meeting or notified to the Members concerned subsequent to the notice convening the meeting.
89. The Directors may direct that Members or proxies wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Directors shall consider appropriate in the circumstances and shall be entitled in their absolute discretion to refuse entry to such general meeting to any Member or proxy who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.
90. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the Chairman of the meeting, the proceedings on the substantive resolutions shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

## VOTING

91. Subject to any special rights or restrictions as to voting for the time being attached to any shares by, pursuant to or in accordance with these Articles or the terms of issue of any shares, on a show of hands every Member present in person or by proxy shall have one vote and on a poll every Member present in person or by proxy shall have one vote for every share of which he is the holder. No Member shall have more than one vote on a show of hands notwithstanding that he may have appointed more than one proxy to vote on his behalf. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or immediately following the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:
- (a) by the Chairman; or
- (b) by at least two Members entitled to vote at the meeting; or
- (c) by a Member or Members representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting (excluding any voting rights attached to shares in the Company held as Treasury Shares); or
- (d) by a Member or Members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right (excluding any shares in the Company conferring a right to vote at the meeting which are held as Treasury Shares); and a demand by a person as proxy for a Member shall be the same as a demand by a Member.
92. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

93. If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
94. A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time (being not later than thirty days after the date of the demand) and place as the Chairman directs. It shall not be necessary (unless the Chairman otherwise directs) for notice to be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven days notice shall be given specifying the time and place at which the poll is to be taken.
95. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded and, with the consent of the Chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earliest.
96. On a poll votes may be given either personally or by proxy.
97. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
98. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of such meeting shall be entitled to a casting vote in addition to any other vote he may have.
99. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
100. A Member who is a patient for any purpose of any statute relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy and may otherwise act and be treated as such Member for the purposes of general meetings.
101. No Member shall, unless the Board otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
102. If:
  - (a) any objection shall be raised to the qualification of any voter; or
  - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
  - (c) any votes are not counted which ought to have been countedthe objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the Chairman of the meeting and only vitiate the decision of the meeting on any resolution if the Chairman decides that the same may have affected the decision of the meeting. The decision of the Chairman on such matters shall be final and conclusive.

#### **PROXIES AND CORPORATE REPRESENTATIVES**

103. An appointment of a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve. Subject thereto, the appointment of a proxy may be:
  - (a) in hard copy; or
  - (b) in electronic form.

The appointment of a proxy, whether made in hard copy form or in electronic form, shall be executed or authenticated in such manner as may be approved by or on behalf of the Company from time to time.

104. A proxy need not be a Member. A Member may appoint more than one proxy in respect of the same meeting or poll provided that the appointment of the proxy shall specify the number of shares in respect of which the proxy is appointed and only one proxy shall be appointed in respect of any one share. When two or more valid but differing appointments of proxies are delivered or received in respect of the same share for use at the same meeting, the one which is last delivered or received shall be treated as replacing or revoking the others as regards that share. Subject to the Statutes, the Directors may determine in their discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles. If the Company is unable to determine which was last delivered or received none of them shall be treated as valid in respect of that share.
- 105.1 The Directors may, if they think fit (but subject to the provisions of the Statutes), at the Company's expense send forms of proxy in hard copy form for use at the meeting and issue invitations in electronic form to appoint a proxy in relation to the meeting in such form as may be approved by the Directors.
- 105.2 The appointment of a proxy shall not preclude a Member from attending and voting in person at the meeting or on the poll concerned.

105.3 The appointment of a proxy shall:

- (a) if in hard copy form, be delivered by hand or by post to the Office or such other place as may be specified by or on behalf of the Company for that purpose:
  - (i) in the notice convening the meeting; or
  - (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or

- (b) if in electronic form, be received at any address to which the appointment of a proxy may be sent by electronic means pursuant to a provision of the Statutes or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form in:
  - (i) the notice convening the meeting; or
  - (ii) any form of proxy sent by or on behalf of the Company in relation to the meeting; or
  - (iii) any invitation to appoint a proxy issued by the Company in relation to the meeting,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote; or

- (c) in either case, where a poll is taken more than 48 hours after it is demanded, be delivered or received as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (d) if in hard copy form, where a poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered to the chairman of the meeting at which the poll was demanded.

In calculating the periods mentioned in this Article 105.3, no account shall be taken of any part of a day that is not a working day in relation to the Company within the meaning of section 1173 of the 2006 Act.

A proxy appointment which is not delivered or received in accordance with this Article 105.3 shall be invalid.

105.4 Where the appointment of a proxy is expressed to have been or purports to have been made, sent or supplied by a person on behalf of the holder of a share:

- (a) the Company may treat the appointment as sufficient evidence of the authority of that person to make, send or supply the appointment on behalf of that holder;
- (b) that holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of any written authority under which the appointment has been made, sent or supplied, or a copy of such authority certified notarially or in some other way approved by the Directors, to such address and by such time as may be specified in the request (or such address as the Company may be deemed by the Statutes to have agreed) and, if the request is not complied with in any respect, the appointment may be treated as invalid; and
- (c) whether or not a request under Article 105.4(b) has been made or complied with, the Company may determine that it has insufficient evidence of the authority of that person to make, send or supply the appointment on behalf of that holder and may treat the appointment as invalid.

- 105.5 The appointment of a proxy to vote on a matter at a meeting confers on the proxy authority to demand, or join in demanding, a poll on that matter. The appointment of a proxy shall also, unless it provides to the contrary, be deemed to confer authority on the proxy to vote or abstain from voting as the proxy thinks fit on any amendment of a resolution and on any procedural motion or resolution put to the meeting to which it relates and on any other business not referred to in the notice of meeting which may properly come before the meeting to which it relates. The appointment of a proxy shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates.
106. A vote given or poll demanded in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.
- 107.1 Any Member which is a corporation may, by resolution of its directors or other governing body, authorise a person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. Subject to the provisions of the Statutes, a person so authorised and present at any such meeting shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member personally present, save that a Director, the Secretary or other person authorised for the purpose by the Secretary may require such person to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers. A corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised by it is present at the meeting.
- 107.2. A vote given or poll demanded by a proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding the poll unless notice of the determination was either delivered or received as mentioned in the following sentence at least three hours before the start of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll. Such notice of determination shall be either by means of a document in hard copy form delivered to the Office or to such other place as may be specified by or on behalf of the Company in accordance with Article 105.3(a) or in electronic form received at the address (if any) specified by or on behalf of the Company in accordance with Article 105.3(b) (or such address as the Company may be deemed by the Statutes to have agreed), regardless of whether any relevant proxy appointment was effected in hard copy form or in electronic form.

## **NUMBER OF DIRECTORS**

108. Unless and until otherwise determined by Ordinary Resolution, the number of Directors (other than alternate directors) will not be less than two nor more than fifteen in number.

## **APPOINTMENT AND RETIREMENT OF DIRECTORS**

109. A Director will not require a share qualification.
110. Subject to these Articles and the rights attached to any particular series of Preference Shares in accordance with these Articles, the Company may by Ordinary Resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles.
111. Without prejudice to the power of the Company in general meeting in pursuance of any of these Articles to appoint any person to be a Director, the Board may at any time and from time to time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

112. The Company may by Special Resolution, or by Ordinary Resolution of which special notice has been given in accordance with the Statutes, remove any Director before the expiration of his period of office and may (subject to these Articles and the rights attached to any particular series of Preference Shares in accordance with these Articles) by Ordinary Resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as a Director.
113. No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, not less than seven and not more than forty-two clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing by some Member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

#### **DISQUALIFICATION OF DIRECTORS**

114. The office of a Director shall be vacated if:
- (a) he resigns his office by notice in writing delivered to the Office or tendered at a meeting of the Board;
  - (b) he is, or may be, suffering from mental disorder and either:
    - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
    - (ii) an order is made by a Court having jurisdiction in the matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
  - (c) without leave, he is absent from Board Meetings (whether or not an alternate Director appointed by him attends) for six consecutive months, and the Board resolve that his office be vacated; or
  - (d) he becomes bankrupt or makes any arrangement or composition with his creditors; or
  - (e) he is prohibited by law from being a Director; or
  - (f) if, when there are at least three Directors, he shall be requested in writing by not less than three quarters of his co-Directors, or, if their number is not a multiple of four, then the number nearest to but not less than three quarters, to resign; or
  - (g) he ceases to be a Director by virtue of the Statutes or is removed from office pursuant to these Articles or the rights attached to any particular series of Preference Shares.
115. No person shall be disqualified from being appointed a Director and no Director shall be required to vacate that office by reason only of the fact that he has attained any certain age.

#### **ROTATION OF DIRECTORS**

116. At every annual general meeting one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting.
117. The Directors to retire on each occasion include, so far as necessary to obtain the number required, any Director who wishes to retire and not offer himself for re-election and any further Directors to retire shall be those who have been longest in office since their last election. As between persons who became or were re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of such notice but before the close of the meeting.
118. A retiring Director shall be eligible for re-election.
119. Subject to these Articles, the Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto and in default the retiring Director shall, if willing to continue to act, be deemed to have been re-elected unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

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## EXECUTIVE DIRECTORS

120. The Board may from time to time appoint one or more of its body to be a Managing Director, Joint Managing Director or Assistant Managing Director or to hold any other employment or executive office with the Company for such period (subject to the Statutes) and upon such terms as the Board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company, or the Company may have against such Director, for any breach of any contract of service between him and the Company which may be involved in such revocation or termination.
121. Any Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or, where there is a committee constituted for the purpose, such committee, may determine, and either in addition to or in lieu of his remuneration as a Director.

## ALTERNATE DIRECTORS

122. Any Director (other than an Alternate Director) may appoint any person to be his Alternate Director and may at his discretion remove such Alternate Director. If such Alternate Director is not another Director, such appointment unless previously approved by the Board, shall have effect only upon and subject to it being so approved. Any appointment or removal of an Alternate Director shall be effected by notice in hard copy signed by the appointor and delivered to the Office or tendered at a Board Meeting or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose or, in default of such specification, to the Office. An Alternate Director shall, if his appointor so requests, be entitled to receive notices of Board Meetings or meetings of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such Board Meeting at which the Director appointing him is not personally present and generally at such Board Meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director for the purposes of the proceedings at such Board Meeting the provisions of these Articles shall apply as if he were a Director.
123. Every person acting as an Alternate Director shall (except as regards power to appoint an Alternate Director and remuneration) be subject in all respects to the provisions of these Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but shall not be entitled to receive from the Company any fee in his capacity as Alternate Director.
124. Every person acting as an Alternate Director shall have one vote for each Director for whom he acts as Alternate Director (in addition to his own vote if he is also a Director). The signature of an Alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
125. An Alternate Director shall ipso facto cease to be an Alternate Director if his appointor ceases for any reason to be a Director provided that, if at any Board Meeting any Director retires by rotation or otherwise but is re-elected at the same Board Meeting, any appointment made by him pursuant to this Article which was in force immediately before his retirement shall remain in force as though he had not retired.

## DIRECTORS' FEES AND EXPENSES

126. Each of the Directors will be paid a fee at such rate as may from time to time be determined by the Board provided that the aggregate of all such fees so paid to Directors (excluding amounts payable under any other Article) will not exceed £500,000 per annum (excluding any amounts attributable to share options under any stock or share option plans of the Company) or such higher amount as may from time to time be determined by Ordinary Resolution.
127. Each Director may be paid all travelling, hotel and incidental expenses properly incurred by him in attending Board Meetings or meetings of committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board goes beyond the ordinary duties of a Director may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

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## DIRECTORS' INTERESTS

128. A Director may:

- (a) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and subject to section 188 of the 2006 Act upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as auditor or an auditor of a subsidiary company) and he or his firm may be remunerated for professional services as if he were not a Director;
- (c) be or become a Director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested, and shall not be liable to account to the Company or the Members for any remuneration, profit or other benefit received by him as a Director or officer of or from his interests in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be Directors or officers of such other company, or voting or providing for the payment of remuneration to the Directors or officers or such other company.

129. A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

130. Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director owns 1% or more.

131. Subject to the Statutes and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

132. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the Board Meeting at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first Board Meeting after he knows that he is or has become so interested.

133. Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board or of a committee of the Board in respect of any contract or arrangement in which he has a material interest (together with any interest of any person connected with him within the meaning of section 252 of the 2006 Act) otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters, namely:

- (a) any contract or arrangement for giving to such Director any security or indemnity in respect of money lent by him or any other person or obligations undertaken by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (b) any contract or arrangement for the giving by the Company or any of its subsidiary undertakings of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings which the Director has himself guaranteed or secured in whole or in part;
- (c) any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company or any of its subsidiary undertakings issued or to be issued pursuant to any offer or invitation to Members or debenture holders of the Company or any of its subsidiary undertakings or any class thereof, or to underwrite or sub-underwrite any shares, debentures or other securities of the Company or any of its subsidiary undertakings;
- (d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (e) any contract or arrangement concerning any other company (not being a company in which the Director owns 1% or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (f) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
- (g) any arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates; or
- (h) insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

134. For the purposes of Articles 128 to 133 inclusive:

- (a) a company shall be deemed to be a company in which a Director owns 1% or more if and so long as (but only if and so long as) he is (either directly or indirectly) the holder of or beneficially interested in or he and any person with whom he is connected within section 252 of the 2006 Act hold an interest (as such term is used in sections 820 to 825 of the 2006 Act) in 1% or more of any class of the equity share capital of such company or of the voting rights available to members of such company. For the purpose of this Article there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, and shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder;
- (b) where a company in which a Director holds 1% or more is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction;
- (c) if any question shall arise at any Board Meeting as to the materiality of the interest of a Director (other than the Chairman of the meeting) or as to the entitlement of any Director (other than such Chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise at any meeting as to the materiality of an interest of the Chairman of the meeting, or as to the entitlement of the Chairman to vote or be counted in the quorum, and such question is not resolved by the Chairman voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be decided by a resolution of the Board (for which purpose such Chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman as known to such Chairman has not been fairly disclosed to the Board.

## CONFLICTS OF INTEREST

- 134.1 For the purposes of section 175 of the 2006 Act, the Board may authorise any matter proposed to it in accordance with these Articles which would otherwise involve a breach of duty by a Director under that section, including without limitation, any matter which relates to a situation in which a Director has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company.

- 134.2 Any such authorisation will be effective only if:
- (a) the matter has been proposed in writing for consideration at a Board Meeting, in accordance with the Board's normal procedure or in such other manner as the Board may from time to time require;
  - (b) any requirement as to quorum at the meeting at which the matter is considered, is met without counting the Director in question or any other interested Director; and
  - (c) the matter was agreed to without the Director in question or any other interested Director voting or would have been agreed to if their votes had not been counted.
- 134.3 The Board may make any such authorisation subject to any limits or conditions (whether at the time of the giving of the authorisation or afterwards) and may at any time vary or terminate such authorisation.
- 134.4 For the purposes of these Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 134.5 A Director shall not, by reason of his office, be liable to account to the Company for any profit, remuneration or other benefit derived by him (or a person connected with him) as a result of any matter authorised by the Board in accordance with the terms of these Articles and no contract, arrangement or transaction entered into by the Director in relation to such matter shall be avoided on the grounds of any such profit, remuneration or other benefit.
- 134.6 Where a Director's relationship with another person, firm or body corporate (the "**Third Party**") has been approved by the Board in accordance with the terms of this Article and, subject to the provisions of the Statutes, for so long as such relationship gives rise to a conflict, or possible conflict, of interest, the Director shall not be required to:
- (a) disclose to the Board (or to any Director, officer or employee of the Company) any information obtained, otherwise than in his capacity as a Director, as a result of his relationship with the Third Party in circumstances where he owes a duty of confidentiality to the Third Party; or
  - (b) use such information in the performance of his duties as a Director; or
  - (c) attend meetings of the Board at which any matter relating to the conflict, or possible conflict, of interest is to be discussed (or otherwise discuss such matter).

## GENERAL POWERS OF THE DIRECTORS

135. The business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations, being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
136. The Board may establish local boards or agencies for managing any of the affairs of the Company, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration. The Board may delegate to any local board, manager or agent, any of the powers, authorities and discretions vested in or exercisable by the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.
137. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. The Directors may revoke or vary the appointment but no person dealing in good faith with the Company and without notice of the revocation or variation shall be affected by it.

138. The Board may entrust to and confer upon any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.
139. Subject to the Statutes, the Company may keep an overseas or local register in any place, and the Board may make and vary such regulations as it determines respecting the keeping of any such register.
140. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

#### **PENSIONS**

141. On behalf of the Company the Board may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a Director or former Director who has not been an Executive Director or held any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a relation, connection or dependant of such a Director or former Director without the approval of an Ordinary Resolution. A Director or former Director shall not be accountable to the Company or the Members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.
142. The Board may by resolution or the Company may in general meeting exercise any power conferred by the Statutes to make provision for the benefit of persons employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

#### **BORROWING POWERS**

143. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
144. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may delegate to the person in whose favour such mortgage or security is executed, or to any other person in trust for him, the power to make calls on the Members in respect of such uncalled capital, and to sue in the name of the Company or otherwise for the recovery of moneys becoming due in respect of calls so made and to give valid receipts for such moneys and the power so delegated shall subsist assignable during the continuance of the mortgage or security, notwithstanding any change of Directors, and shall be assignable if expressed so to be.

#### **PROCEEDINGS OF THE DIRECTORS**

145. The Board may meet for the dispatch of business, adjourn or otherwise regulate its Board Meetings as it considers appropriate. Questions arising at any Board Meeting shall be determined by a majority of votes. In the case of any equality of votes the Chairman of the meeting shall have an additional or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board Meeting.
146. Attendance at Board Meetings may be by means of conference telephone calls or other means of remote communication provided always that all participants can freely hear and speak to each other.
147. Notice of a Board Meeting shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent in hard copy form to him at his last known address or any other address given by him to the Company for this purpose, or, at the Company's sole discretion sent in electronic form to the address notified by him to the Company for this purpose. A Director may waive notice of any Board Meeting either prospectively or retrospectively.

148. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Any Director who ceases to be a Director at a Board Meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board Meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
149. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.
150. The Board may elect a Chairman and one or more deputy chairmen of its meetings and determine the period for which they are respectively to hold such office. If no Chairman is elected, or if at any meeting neither the Chairman or any deputy Chairman is present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
151. A Board Meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
152. The Board may delegate any of its powers, authorities and discretions to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit provided that less than one half of the members of the committee comprise co-opted members who are not Directors of the Company. A resolution of a committee shall not be effective unless a majority of the members of the committee present at the committee meeting and voting are Directors of the Company. Save as aforesaid, any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.
153. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article.
154. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a Board Meeting or by all the members of a committee for the time being entitled to receive notice of a committee meeting shall be as valid and effectual as a resolution passed at a Board Meeting or, as the case may be, a meeting of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form (whether in hard copy form or electronic form) each signed or authenticated by one or more of the Directors or members of the committee concerned in the manner specified in Section 1146 of the 2006 Act for a document in that form. References in this Article to **“writing”**, **“signatures”** and **“documents”** (or any similar expressions) are to be construed so as to include the electronic form of such expressions subject to such terms and conditions as the Directors may decide.
155. All acts done by the Board or by any committee or by any person acting as a Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

## MINUTES

156. The Board shall cause minutes to be made:

- (a) of all appointments of officers made by the Board;
- (b) of the names of the Directors present at each Board Meeting or meeting of a committee of the Board; and
- (c) of all resolutions and proceedings at all meetings of the Company, of the Board and of any committee of the Board.

Any such minute as aforesaid, if purporting to be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting shall be receivable as prima facie evidence of the matters stated in such minute without further proof.

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## SECRETARY

157. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it determines, and any Secretary so appointed may be removed by the Board.
158. A provision of the Statutes or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being one by or to the same person acting both as director and as, or in place of the Secretary.

## SEAL

159. The Board shall provide for the custody of every seal. A seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which the common seal is affixed shall be signed by one or more Directors and the Secretary or by two or more Directors, and any instrument to which an official seal is affixed need not, unless the Board for the time being otherwise determines or the law otherwise requires, be signed by any person.
160. The Company may exercise all the powers conferred by the Statutes with regard to having official seals, and such powers shall be vested in the Board.
161. The Board may, as it thinks fit, dispense with the use of any seal from time to time and references in these Articles to the affixing of the Seal or any seal shall include execution without the affixation of the Seal or any seal in accordance with the Statutes.

## AUTHENTICATION OF DOCUMENTS

162. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any document affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents and accounts are elsewhere than at the office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

## DIVIDENDS AND OTHER PAYMENTS

163. The Company may by Ordinary Resolution declare dividends in accordance with the respective rights of the Members but no dividend shall exceed the amount recommended by the Directors.
164. Except insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide:
- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid on the share; and
  - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
165. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the position of the Company and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates whenever such position, in the opinion of the Board, justifies such payment.
166. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company.
167. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

168. (a) The Company may pay any dividend, interest or other moneys payable in cash in respect of shares, by direct debit, bank transfer, cheque dividend warrant or money order. In respect of shares in uncertificated form, where the Company is authorised to do so by or on behalf of the holder or joint holders in such manner as the Company shall from time to time consider sufficient, the Company may also pay any such dividend, interest or other moneys by means of the relevant system concerned (subject always to the facilities and requirements of that relevant system).
- (b) Every such cheque, warrant or order may be remitted by post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the joint holder whose name stands first in the Register, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, warrant or order shall be made payable to or to the order of the person to whom it is sent, or to such other person as the holder or joint holders may in writing direct.
- (c) Every such payment made by direct debit or bank transfer shall be made to the holder or joint holders or to or through such other person as the holder or joint holders may in writing direct. In respect of shares in uncertificated form, every such payment made by such other method as is referred to in paragraph (a) of this Article shall be made in such manner as may be consistent with the facilities and requirements of the relevant system concerned. Without prejudice to the generality of the foregoing, in respect of shares in uncertificated form, such payment may include the sending by the Company or by any person on its behalf of any instruction to the Operator of the relevant system to credit the cash memorandum account (being an account so designated by such Operator) of the holder or joint holders or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.
- (d) The Company shall not be responsible for any loss of any such cheque, warrant or order and any payment made by direct debit, bank transfer or such other method shall be at the sole risk of the holder or joint holders. Without prejudice to the generality of the foregoing, if any such cheque, warrant or order has or shall be alleged to have been lost, stolen or destroyed, the Directors may, on request of the person entitled thereto, issue a replacement cheque, warrant or order subject to compliance with such conditions as to evidence and indemnity and the payment of such out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
- (e) Payment of such cheque, warrant or order: the collection of funds from or transfer of funds by a bank in accordance with such direct debit or bank transfer or, in respect of shares in uncertificated form, the making of payment in accordance with the facilities and requirements of the relevant system concerned, shall be a good discharge to the Company.
169. If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other monies payable or property distributable on or in respect of the share.
170. The Company may cease to send any cheque or warrant through the post for any dividend or other monies payable on or in respect of any share if, in respect of at least two consecutive dividends payable on those shares, the cheques or warrants have been returned undelivered or remain uncashed, or the cheque or warrant in respect of any one dividend has been returned undelivered or remains uncashed and reasonable enquiries have failed to establish any new address of the holder, but may recommence sending cheques or warrants in respect of dividends payable on those shares if the holder or person entitled thereto requests such recommencement in writing.
171. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
172. Any general meeting declaring a dividend may by Ordinary Resolution upon the recommendation of the Board, direct payment or satisfaction of such dividend wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company, and the Board shall give effect to such direction, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to secure equality of distribution and may vest such specific assets in trustees as may seem expedient to the Board.

173. The Board may, with the sanction of an Ordinary Resolution, offer Members the right to elect to receive shares credited as fully paid, in whole or in part, instead of cash in respect of such dividend or dividends as may be specified by the resolution. The following provisions shall apply:
- (a) The said resolution may specify a particular dividend in respect of which such right to elect is to be available, or may specify that all or any dividends declared or to be declared or paid in respect of a specified period, but such period may not end later than the fifth anniversary of the date of the meeting at which the Ordinary Resolution is passed, or for payment not later than the beginning of the annual general meeting next following the passing of such resolution shall be subject to such right.
  - (b) The basis of allotment of shares shall be that the Relevant Value for each Member shall be as nearly as possible equal to (but not more than) the cash amount (exclusive of any imputed tax credit) that such Member would have received by way of the dividend foregone. For the purpose of this clause “Relevant Value” shall be calculated by reference to the market value of the shares to be allotted to be deemed to be the mid-market average of Ordinary Shares of the Company or American Depositary Shares representing such shares over the three business days proceeding the date of the notice convening the meeting at which approval is sought on NASDAQ or any other Stock Exchange where Ordinary Shares or American Depositary Shares of the Company are for the time being traded as the Directors may select.
  - (c) The Board, after determining the basis of allotment, shall notify the Members in writing of any right of election offered to them, and shall send forms of election with or following such notification and specify the procedure to be followed and the place at which, and the latest time or date by which, duly completed forms of election must be lodged in order to be effective.
  - (d) The dividend (or that part of the dividend for which a right of election has been given) shall never become payable on shares for which the election has been duly effected (“**Elected Shares**”) and additional shares shall instead be allotted to the holders of the Elected Shares on the basis of allotment determined as aforesaid. For such purpose the Board shall appropriate, as they see fit, out of such of the sums standing to the credit of any reserve or fund (including the profit and loss account), whether or not the same is available for distribution, as the Board may determine, a sum equal to the aggregate nominal amount of the additional shares to be allotted on such basis and apply the same in paying up in full the appropriate number of unissued shares for allotment and distribution to and amongst the holders of the Elected Shares on such basis.
  - (e) The additional shares so allotted shall rank *pari passu* in all respects with the fully paid shares then in issue save only as regards participation in the dividend in place of which they were allotted.
  - (f) The Board may do all acts and things considered necessary or expedient to give effect to the allotment and issue of any shares in accordance with the provisions of this Article and may authorise any person to enter, on behalf of all the Members concerned, into an agreement with the Company providing for such allotment and incidental matters and any agreement so made under such authority shall be binding on all such Members.
  - (g) The Board may on any occasion decide that rights of election shall not be made available to any category of shareholders or to any shareholders in any territory where, in the absence of a registration statement or other special formalities or for any other reason, the circulation of any offer of rights of election to such shareholders or in such territory would or might be unlawful or where, in the opinion of the Board, compliance with local laws and/or regulations would be unduly onerous and in such case the provisions of this Article shall be subject to such decision.
  - (h) Every duly effected election shall be binding on every successor in title to the Elected Shares (or any of them) of the Member(s) who have effected the same.

## RESERVES

174. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profits which it may think it prudent not to distribute.

## CAPITALISATION

175. The Company may, upon recommendation of the Board, at any time and from time to time pass an Ordinary Resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either

in or towards paying up the amounts for the time being on any shares in the Company held by such Members respectively or in payment up in full of unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

176. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under Article 175 and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may resolve that the distribution shall be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

#### **RECORD DATES**

177. Notwithstanding any other provision of these Articles the Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

#### **ACCOUNTING RECORDS**

178. The Board shall cause to be kept accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Statutes.
179. The accounting records shall be kept at the Office or, subject to the Statutes, at such other place or places as the Board decides and shall always be open to inspection by the officers of the Company. No Member (other than an officer of the Company) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board.
180. A copy of every balance sheet and profit and loss account, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report shall be sent to each person entitled thereto in accordance with the requirements of the Statutes and copies shall, if required, also be sent in appropriate numbers to The Stock Exchange in accordance with its regulations and practice.

#### **AUDITORS**

181. Auditors shall be appointed and their duties regulated in accordance with the Statutes.

#### **NOTICES**

182. Any notice or other document (including a share certificate) may be served on or delivered to any Member by the Company either personally or by sending it through the post in a prepaid letter addressed to such Member at his registered address as appearing in the Register or by delivering it to or leaving it at such registered address as aforesaid or, in the Company's sole discretion by giving it in electronic form to an address for that purpose for the time being notified to the Company by the Member. In the case of joint holders of a share, service or delivery of any notice or other document to the person who is first named on the Register shall for the purposes be deemed a sufficient service on or delivery to all the joint holders.
183. Any Member who gives to the Company an address for the purposes of communications in electronic form may, at the absolute discretion of the Board, have notices served upon him at that address. The Directors may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic means for the sending of notices, other documents and proxy appointments by the Company to Members, or persons entitled by transmission, and by Members, or persons entitled by transmission, to the Company.

184. Where a notice or other document is sent by post, service shall be deemed to be effected at the expiration of 24 hours (or, where second class mail is employed, 48 hours) after the time when the letter containing the same is posted or, in the case of a notice or other document contained in electronic form, at the expiration of 24 hours after the time it was sent. In proving that a notice or document was posted it shall be sufficient to prove that such letter was properly addressed, stamped and posted. A document or information sent or supplied to a Member in electronic form shall be deemed to be received by the Member 24 hours after it was sent notwithstanding that the Company becomes aware that the Member has failed to receive the relevant document for any reason and notwithstanding that the Company subsequently sends a hard copy of such document or information by post to the Member.
- 184.1 A document or information sent by the Company to a Member by means of a website shall be deemed to have been received by the Member:
- (a) when the document or information was first made available on the website; or
  - (b) if later, when the Member is deemed by Article 184 to have received notice of the fact that the document or information was available on the website. Such a document or information shall be deemed received by the Member on that day notwithstanding that the Company becomes aware that the Member has failed to receive the relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such document or information by post to the Member.
185. Any notice or other document delivered or sent by post to or left at the registered address of any Member or in electronic form to an address for the time being notified to the Company for that purpose by a Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt, or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with, or as claiming through or under him) in the share.
186. A notice exhibited at the Office shall be deemed to have been duly given to any Member who has not given to the Company an address for service of such notices.
187. Except as otherwise expressly provided in these Articles, any notice required to be given by the Company to a Member shall be sufficiently given if given by advertisement. Any notice required to be, or which may be given, by advertisement shall be advertised once in a leading daily national newspaper.
188. If at any time the Company is unable effectively to convene a general meeting by notices sent through the post in the United Kingdom because the relevant postal services are suspended or curtailed, then a general meeting may be convened by notice advertised in at least two leading national daily newspapers with appropriate circulation. If it becomes possible to give notice by post at least 48 hours before the meeting then the Company shall send a duplicate notice by post.
189. Any document to be served on a Member, other than a notice, may be served in the same manner as for a notice and, in a case where notice might be given by exhibition at the Office or by advertisement in a newspaper, such document shall be deemed to be duly served if it is available for him at the Office and a notice to that effect is exhibited at the Office or advertised in a newspaper as required by these Articles.

#### **DESTRUCTION OF DOCUMENTS**

190. The Company may destroy:
- (a) any share certificate which has been cancelled at any time after the expiry of one year from the date of such cancellation;
  - (b) any dividend mandate or any variation or cancellation thereof, or any notification of change of name or address at any time after the expiry of two years from the date such mandate variation, cancellation or notification was recorded by the Company;
  - (c) any instrument of transfer of shares which has been registered at any time after the expiry of six years from the date of registration; and
  - (d) any other document on the basis of which any entry in the Register is made at any time after the expiry of six years from the date an entry in the Register was first made in respect of it;

and it shall be conclusively presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (i) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of Article 190(a) to (d) above are not fulfilled; and
- (iii) references in this Article to the destruction of any document include references to its disposal in any manner.

## WINDING UP

191. If the Company is wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statutes and subject to any provisions sanctioned by Ordinary Resolution of the Company under section 247 of the 2006 Act (without prejudice to section 187 of the Insolvency Act 1986), divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) subject to the rights of any class of shares which then exists (including the rights of any Preference Shares of any particular series) and may, for such purpose set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets upon such trustees for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no Member shall be compelled to accept any shares or other assets upon which there is any liability. Without prejudice to section 187 of the Insolvency Act 1986, the liquidator may make any provision referred to in and sanctioned in accordance with section 247 of the 2006 Act.

## INDEMNITY AND INSURANCE

192. Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes but without prejudice to any indemnity to which he may otherwise be entitled, every Director, Secretary and officer of the Company and every director, secretary and officer of each Associated Company shall be indemnified out of the assets of the Company against:

- (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any Associated Company other than:
  - (i) any liability to the Company or any Associated Company; and
  - (ii) any liability incurred by him to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); and
  - (iii) any liability incurred by him:
    - (A) in defending criminal proceedings in which he is convicted;
    - (B) in defending any civil proceedings brought by the Company, or an Associated Company in which judgement is given against him;
    - (C) in connection with the application made under sections 661(3) or (4) or section 1157 of the 2006 Act in which the court refuses to grant him relief,

where, in any case, the conviction, judgement or refusal of relief (as the case may be) has become final, and

- (b) any other liability incurred by or attaching to him in the actual or purported performance and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

- 192.1 Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes, the Company may:

- (a) provide a Director of the Company or a director of an Associated Company with funds to meet expenditure incurred or to be incurred by him:
  - (i) in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company; or

(ii) in connection with an application for relief under the provisions referred to in sections 661(3) or (4) or section 1157 of the 2006 Act; and

(b) do anything to enable him to avoid incurring such expenditure,

provided always that any loan made or liability incurred under any transaction connected with anything done pursuant to this Article 192.1 shall be repaid or (as the case may be) discharged in the event of such director being convicted or judgement being given against him in the proceedings or the court refusing to grant him relief on the application and by not later than the date:

(i) when the conviction becomes final; or

(ii) the date when the judgement becomes final; or

(iii) the date when the refusal of relief becomes final.

192.2 Subject to the provisions of, and far as may be permitted by and consistent with, the Statutes, the Company may:

(a) provide a Director of the Company or a director of an Associated Company with funds to meet expenditure incurred or to be incurred by him in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any Associated Company; and

(b) do anything to enable him to avoid incurring such expenditure.

192.3 Subject to the provisions of, and so far as may be permitted by and consistent with, the Statutes but without prejudice to any indemnity to which he may otherwise be entitled, every director of any Trustee Company shall be indemnified out of the assets of the Company against any liability incurred in connection with the activities of the Trustee Company as a trustee of any occupational pension scheme of which it is a trustee other than any liability of the kind referred to in section 235(3) of the 2006 Act. For the purposes of this Article 192.3:

(a) **“Trustee Company”** means a company (being the Company or an Associated Company) that is a trustee of an occupational pension scheme; and

(b) **“occupational pension scheme”** means an occupational pension scheme as defined in section 150(5) of the Finance Act 2004 that is established under a trust.

192.4 For the purposes of Article 192:

(a) **“Associated Company”** means a company which is associated with the Company within the meaning of section 256 of the 2006 Act;

(b) where a director is indemnified against any liability, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto;

(c) a conviction, judgement, or refusal of relief becomes final if:

(i) not appealed against, at the end of the period for bringing an appeal; or

(ii) if appealed against, at the time when the appeal (or any further appeal) is disposed of; and

(d) an appeal is disposed of if:

(i) it is determined and the period for bringing any further appeal has ended; or

(ii) if it is abandoned or otherwise ceases to have effect.

193. Subject to the provisions of the Statutes, the Directors shall have power to purchase and maintain at the expense of the Company insurance for or for the benefit of any person who is or was at any time a director or other officer or employee of a Relevant Company (as defined in Article 194) or any person who is or was at any time a trustee of any pension fund or employee benefits trust in which any employee of any Relevant Company is or has been interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by or attaching to such person in respect of any act or omission in the actual or purported execution and/or discharge of his duties and/or in the exercise or purported exercise of his powers and/or otherwise in relation to his duties, powers or offices in relation to any Relevant Company or any such pension fund or employee benefits trust (and all costs, charges, losses, expenses and liabilities incurred by such person in relation thereto)

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194. For the purpose of Article 193 **“Relevant Company”** shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of such other body.

## CERTIFICATION

I, Joseph Zakrzewski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amarin Corporation plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

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/s/ Joseph Zakrzewski  
 Joseph Zakrzewski  
 Chief Executive Officer  
 (Principal Executive Officer)

# CERTIFICATION

I, John F. Thero, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amarin Corporation plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ John F. Thero  
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 John F. Thero  
 President (Principal Financial Officer)

## STATEMENT PURSUANT TO 18 U.S.C. § 1350

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Joseph Zakrzewski, Chief Executive Officer (Principal Executive Officer) of Amarin Corporation plc (the “Company”) and John F. Thero, President (Principal Financial Officer) of the Company, each hereby certifies that, to the best of his knowledge:

- (1) The Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2013, to which this Certification is attached as Exhibit 32.1 (the “Quarterly Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the end of such year.

Date: August 8, 2013

/s/ Joseph Zakrzewski

Joseph Zakrzewski  
Chief Executive Officer (Principal Executive Officer)

Date: August 8, 2013

/s/ John F. Thero

John F. Thero  
President (Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference into any filing of Amarin Corporation plc under the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.