

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

JAZZ PHARMACEUTICALS PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 245,874	\$ 636,504
Investments	5,502	—
Accounts receivable, net of allowances	154,986	124,805
Inventories	36,988	28,669
Prepaid expenses	14,335	7,183
Deferred tax assets, net	35,888	33,613
Other current assets	23,747	33,843
Total current assets	517,320	864,617
Property and equipment, net	30,048	14,246
Intangible assets, net	1,755,861	812,396
Goodwill	763,763	450,456
Deferred tax assets, net, non-current	94,250	74,597
Deferred financing costs	25,896	14,605
Other non-current assets	9,296	7,304
Total assets	\$ 3,196,434	\$ 2,238,221
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 72,538	\$ 21,005
Accrued liabilities	147,737	119,718
Current portion of long-term debt	9,513	5,572
Income taxes payable	824	336
Contingent consideration	—	50,000
Deferred tax liability, net	6,259	6,259
Deferred revenue	1,138	1,138
Total current liabilities	238,009	204,028
Deferred revenue, non-current	5,433	5,718
Long-term debt, less current portion	1,189,096	544,404
Deferred tax liability, net, non-current	471,993	168,497
Other non-current liabilities	25,395	20,040
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Jazz Pharmaceuticals plc shareholders' equity		
Ordinary shares	6	6
Non-voting euro deferred shares	55	55
Capital redemption reserve	471	471
Additional paid-in capital	1,251,587	1,220,317
Accumulated other comprehensive income	70,892	56,153
Retained earnings (accumulated deficit)	(74,118)	18,532
Total Jazz Pharmaceuticals plc shareholders' equity	1,248,893	1,295,534
Noncontrolling interests	17,615	—
Total shareholders' equity	1,266,508	1,295,534
Total liabilities and shareholders' equity	\$ 3,196,434	\$ 2,238,221

The accompanying notes are an integral part of these condensed consolidated financial statements.

JAZZ PHARMACEUTICALS PLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Revenues:		
Product sales, net	\$ 244,986	\$ 194,652
Royalties and contract revenues	1,933	1,585
Total revenues	246,919	196,237
Operating expenses:		
Cost of product sales (excluding amortization of acquired developed technologies)	30,924	27,220
Selling, general and administrative	106,363	70,528
Research and development	18,109	6,747
Acquired in-process research and development	127,000	4,000
Intangible asset amortization	31,182	19,555
Total operating expenses	313,578	128,050
Income (loss) from operations	(66,659)	68,187
Interest expense, net	(10,076)	(7,399)
Foreign currency gain	123	271
Income (loss) before income tax provision	(76,612)	61,059
Income tax provision	17,027	17,634
Net income (loss)	(93,639)	43,425
Net loss attributable to noncontrolling interests, net of tax	(989)	—
Net income (loss) attributable to Jazz Pharmaceuticals plc	\$ (92,650)	\$ 43,425
Net income (loss) per ordinary share attributable to Jazz Pharmaceuticals plc:		
Basic	\$ (1.58)	\$ 0.74
Diluted	\$ (1.58)	\$ 0.71
Weighted-average ordinary shares used in calculating net income (loss) per ordinary share attributable to Jazz Pharmaceuticals plc:		
Basic	58,526	58,358
Diluted	58,526	61,511

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JAZZ PHARMACEUTICALS PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Operating activities		
Net income (loss)	\$ (93,639)	\$ 43,425
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of intangible assets	31,182	19,555
Depreciation	1,309	575
Acquired in-process research and development	127,000	4,000
Loss on disposal of property and equipment	2	40
Share-based compensation	13,815	8,757
Excess tax benefit from share-based compensation	(5,777)	(889)
Acquisition accounting inventory fair value step-up adjustments	8,022	1,545
Change in fair value of contingent consideration	—	4,500
Deferred income taxes	(4,378)	(3,874)
Provision for losses on accounts receivable and inventory	813	142
Other non-cash transactions	1,868	1,975
Changes in assets and liabilities:		
Accounts receivable	(16,014)	(18,911)
Inventories	(3,071)	1,231
Prepaid expenses and other current assets	4,357	(6,272)
Other long-term assets	(1,545)	(999)
Accounts payable	8,579	16,158
Accrued liabilities	927	(2,660)
Income taxes payable	5,757	(1,397)
Deferred revenue	(273)	(207)
Contingent consideration	(14,900)	—
Other non-current liabilities	4,689	3,196
Net cash provided by operating activities	68,723	69,890
Investing activities		
Acquisitions, net of cash acquired	(828,676)	—
Acquisition of in-process research and development	(125,000)	(4,000)
Purchases of property and equipment	(3,527)	(1,143)
Acquisition of intangible assets	—	(1,300)
Net cash used in investing activities	(957,203)	(6,443)
Financing activities		
Net proceeds from issuance of debt	636,355	—
Proceeds from employee equity incentive and purchase plans and exercise of warrants	21,467	9,609
Acquisition of noncontrolling interests	(119,175)	—
Payment of contingent consideration	(35,100)	—
Payment of employee withholding taxes related to share-based awards	(9,363)	(1,427)
Excess tax benefit from share-based compensation	5,777	889
Repayment of long-term debt	(2,299)	(5,938)
Net cash provided by financing activities	497,662	3,133
Effect of exchange rates on cash and cash equivalents	188	(3,265)
Net increase (decrease) in cash and cash equivalents	(390,630)	63,315
Cash and cash equivalents, at beginning of period	636,504	387,196
Cash and cash equivalents, at end of period	\$ 245,874	\$ 450,511

The accompanying notes are an integral part of these condensed consolidated financial statements.