

**Albany Molecular Research (UK) Limited**  
**(Formerly Excelsyn Molecular Development Ltd)**

**Directors' report and financial  
statements**

Registered number 05125002  
18 months ended 30 November 2010



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## **Company information**

### **Directors**

M T Frost  
D J Shepherd

### **Auditors**

KPMG LLP  
St James' Square  
Manchester  
M2 6DS

### **Bankers**

Barclays  
71 Grey Street  
Newcastle upon Tyne  
NE99 1JP

### **Solicitors**

DLA Piper UK LLP  
Princes Exchange Princes Square  
Leeds  
LS1 4BY

### **Registered Office**

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

## Directors' report

The directors present their directors' report and financial statements for the 18 months ended 30 November 2010

### Principal activities

The principal activity of the company during the year was the manufacture and provision of pharmaceutical products and the delivery of development services. The company offers a distinctive mix of technologies, resources and facilities for the process development scale up and manufacture of Active Pharmaceutical Ingredients and advanced intermediates.

### Results and dividends

The loss for the period, after taxation, amounted to £3,708,546 (*year ended 31 May 2009 profit of £861,571*). The directors do not recommend payment of a final ordinary dividend.

### Business review

The business continued to make investments at its manufacturing site to enhance capability and position itself for future growth despite a significant decline in revenue compared to the prior year, (£8,706k for the 18 month period vs £11,714k for the year to May 2009). This reduction in revenue was primarily as a result of the customer for the single largest value product from the site embarking on an inventory reduction programme in June 2009 which continued throughout 2010 and 2011. The consumption of this product in the market has remained consistent and demand is expected to return to typical annual volumes from 2013 onwards, along with the associated revenue. This temporary change also explains the changing balance of revenue on a geographical basis. Sales of other products and development services were also adversely impacted by the global economic downturn although there are now positive signs of activity in this area increasing.

The cost base of the business has been well controlled throughout the period and included a restructuring exercise which was planned and delivered in June 2009. The programme included a reduction in staffing (from 78 to 68) and a temporary reduction in salaries and benefits for the remaining staff (equivalent to approximately 15% of the salary charge), the majority of which was reversed in early 2010. The restructuring programme incurred a one-off charge of £177k in July 2009. Current staffing levels remain at the lower level with 61 employees at the Holywell site at the time of writing this report.

Throughout the second half of 2009 the shareholders of Excelsyn Molecular Development Ltd explored options for securing the business' future such as additional investment or a trade as a result of cash management pressure. This activity culminated in the sale of the business and the immediate parent company (Excelsyn Ltd) on 17 February 2010 to Albany Molecular Research Inc (AMRI), a US-based company operating in a similar market space but without a European manufacturing base. As a result of this transaction the business name was changed to Albany Molecular Research (UK) Ltd. The acquisition by AMRI of the business enabled a number of structural changes to be made, including purchase of the land and buildings occupied at the Holywell site and reduction in the short-term creditors (by ca £2,000k) which have strengthened the balance sheet. In the period following the acquisition AMRI has continued to provide cash to the business enabling it to continue investment in capability and to seek opportunities to replace the continued low demand for some established products. Being part of a global business has also provided access to a greater breadth and depth of technical expertise and capability for the UK-based business. The ongoing investment and access to additional expertise sees the business well positioned going forward to not only increase activity but also to undertake a greater proportion of higher-value GMP manufacture.

The financial statements presented alongside this report relate to an 18 month period to 30 November 2010. Following the acquisition by AMRI it was decided to align the financial reporting for the business with that of the parent company, which is based on the calendar year. A single month statement will be prepared for December 2010 trading and the reporting will subsequently be aligned from 1 January 2011.

The Environment Agency brought charges against the business in May 2010 in relation to the alleged involvement in an incident at a third party location in May 2009. Following the investigation and an initial hearing the Environment Agency withdrew the case and offered no evidence. Management of the potential environmental, safety and health impacts of the business' operation continues to be a high priority for the management team and support has been provided by other parts of the AMRI organisation.

## **Directors' report** *(continued)*

The acquisition of the business by AMRI provided it with an immediate presence in Europe as well as providing greater security for the Holywell operation. The investment made since then, particularly in establishing systems using the AMRI corporate knowledge, has provided an excellent foundation for future growth and delivery of outstanding service to the business' customers.

### **Going concern**

As noted above, the company is part of the AMRI group. Based on the most recent projections and the expectations of ongoing financing, the directors have prepared the financial statements on a going concern basis. This is explained further in note 1 to these financial statements.

### **Directors**

The directors who held office during the period were as follows:

I D Shott	(Resigned 17 February 2010)
P C Ryan	(Resigned 17 February 2010)
Dr D K Rowles	(Resigned 7 December 2010)
M T Frost	(Appointed 17 February 2010)
M P Williams	(Appointed 17 February 2010, resigned 10 March 2011)
D J Shepherd	(Appointed 19 May 2010)

M T Frost is also a director of the ultimate parent undertaking, Albany Molecular Research Inc, and his interests in this company are disclosed in the group financial statements of that company.

### **Political and charitable contributions**

During the period, the company made charitable donations totalling £850 (year ended 31 May 2009, £908) and political donations totalling £nil (2009, £nil).

### **Financial risk management policy**

The company's principal financial investments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below:

#### ***Interest rate risk***

The company invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility. Term loans are entered into at floating interest rates. The company's interest income and expenses are therefore affected by movements in interest rates. The company does not undertake any hedging activity.

#### ***Credit risk***

The company has external debtors; however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

#### ***Liquidity risk***

The company aims to mitigate liquidity risk by managing cash generated by its operations.

#### ***Foreign currency risk***

The company's operations are materially split between inter-company and third party debt. The company seeks to mitigate the effect of its currency exposures by firstly reviewing the extent to which a natural hedge exists in its US Dollar and Euro transactions, and secondly if there is a potential exposure seeking to put in place an appropriate foreign currency hedge.

As a result, the company's exposure to foreign currency risk is minimal, as at the balance sheet date.

## **Directors' report** *(continued)*

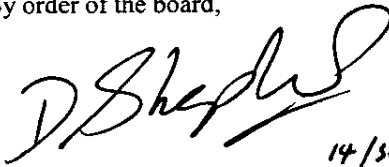
### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditors**

During the period KPMG LLP were appointed as auditors.

By order of the board,



14/SEP/11

**D J Shepherd**  
*Director*

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

St James' Square  
Manchester  
M2 6DS  
United Kingdom

## **Independent auditors' report to the members of Albany Molecular Research (UK) Limited (Formerly Excelsyn Molecular Development Ltd)**

We have audited the financial statements of Albany Molecular Research (UK) Limited (formerly Excelsyn Molecular Development Ltd) for the 18 month period ended 30 November 2010 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Independent auditors' report to the members of Albany Molecular Research (UK) Limited (Formerly Excelsyn Molecular Development Ltd), (continued)**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



**Richard Evans (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
St James' Square  
Manchester  
M2 6DS

21 September 2011

## Profit and Loss Account

for the 18 month period ended 30 November 2010

	Note	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
<b>Turnover</b>	2	<b>8,706,365</b>	11,713,973
Cost of sales - normal		<b>(9,169,568)</b>	(9,000,864)
Cost of sales - amortisation of negative goodwill		-	334,595
<b>Gross (loss)/profit</b>		<b>(463,203)</b>	3,047,704
Administrative expenses (incl property impairment of £750,000 (2009, £nil))		<b>(3,040,580)</b>	(1,933,064)
(Write-off)/waiver of loans due to group undertakings		<b>(46,602)</b>	37,499
<b>Operating (loss)/profit</b>	3	<b>(3,550,385)</b>	1,152,139
Bank interest receivable		294	16,474
Interest payable and similar charges	6	<b>(158,455)</b>	(307,042)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(3,708,546)</b>	861,571
Tax on (loss)/profit on ordinary activities	7	-	-
<b>(Loss)/profit for the period</b>	16	<b>(3,708,546)</b>	861,571

## Statement of total recognised gains and losses

for the 18 month period ended 30 November 2010

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £3,708,546 for the 18 month period ended 30 November 2010, and the profit of £861,571 for the year ended 31 May 2009

**Balance Sheet**  
*at 30 November 2010*

	<i>Note</i>	<b>30 November 2010 £</b>	<b>31 May 2009 £</b>
<b>Fixed assets</b>			
Tangible assets	8	2,460,451	691,854
		<u>2,460,451</u>	<u>691,854</u>
<b>Current assets</b>			
Stocks	9	570,985	496,253
Debtors	10	2,669,164	2,263,088
Cash at bank and in hand		100,478	-
		<u>3,340,627</u>	<u>2,759,341</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,308,998)</u>	<u>(3,238,165)</u>
<b>Net current assets/(liabilities)</b>		<u>2,031,629</u>	<u>(478,824)</u>
		<u>4,492,080</u>	<u>213,030</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(3,392,628)</u>	<u>(1,633,158)</u>
<b>Deferred income</b>	14	-	(43,381)
<b>Net assets/(liabilities)</b>		<u>1,099,452</u>	<u>(1,463,509)</u>
<b>Capital and reserves</b>			
Called up share capital	16	250,000	250,000
Capital Contribution	16	6,271,507	-
Profit and loss account	16	(5,422,055)	(1,713,509)
<b>Shareholders' funds</b>		<u>1,099,452</u>	<u>(1,463,509)</u>

These financial statements were approved by the board of directors on 14/5/11 and were signed on its behalf by



**D J Shepherd**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

#### **Going concern**

The accounts have been prepared on the going concern basis as the company's ultimate parent undertaking, Albany Molecular Research Incorporated has undertaken to provide continuing financial support and not to demand repayment of the amounts due to it until the company's resources permit

In the opinion of the directors the going concern concept remains applicable due to the commitments described above

#### **Cash flow statement**

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

#### **Tangible fixed assets and depreciation**

All fixed assets are initially recorded at cost

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset over its expected useful life, as follows

Freehold property and improvements	-	10 to 40 years, straight line
Plant and machinery	-	5 to 12 years, straight line

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. To the extent that invoices are raised in advance of supply, appropriate adjustments are made through deferred income.

#### **Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **Research and development**

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project. Amortisation commences when commercial production of products from the related project begins.

#### **Provisions for liabilities and charges**

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

#### **Deferred tax**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### **Pensions**

The company operates a defined contribution pension scheme and contributes to personal pension arrangements for certain directors. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 2 Analysis of turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties except in respect of contracting activities where turnover represents the value of work carried out during the period including amounts not invoiced. Turnover is wholly attributable to the company's principal continuing activity.

An analysis of turnover by geographical market is given below

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
<i>By geographical market</i>		
United Kingdom	2,266,040	2,091,780
European Union (excluding UK)	1,436,428	1,698,916
Rest of Europe	622,631	820,664
Asia	2,251,102	5,865,012
North America	2,130,164	1,237,601
	<u>8,706,365</u>	<u>11,713,973</u>

### 3 Operating (loss)/profit

This is stated after charging/(crediting)

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
Auditors' remuneration - audit	22,930	15,000
Depreciation of owned fixed assets	202,320	419,871
Impairment charge on property (note 8)	750,000	-
Operating lease rentals - plant & machinery	5,990	5,990
Operating lease rentals - other	164,700	229,483
Release of negative goodwill	-	(334,595)
Grant income released	(43,381)	(116,888)
	<u></u>	<u></u>

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
Directors' emoluments	152,296	-
Company contributions to money purchase pension schemes	12,693	-

	Number of directors 18 month period ended 30 November 2010	Year ended 31 May 2009
Members of money purchase schemes	No 2	No -

Prior to 17 February 2010 directors' emoluments were borne by Excelsyn Ltd now Albany Molecular Research Ltd

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Number of employees 18 month period ended 30 November 2010	Year ended 31 May 2009
Management	8	9
Administration	4	6
Production	50	63
	<hr/>	<hr/>
	62	78
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
Wages and salaries	3,057,115	2,486,933
Social security costs	331,490	265,090
Other pension costs	144,417	140,808
	<hr/>	<hr/>
	3,533,022	2,892,831
	<hr/>	<hr/>

### 6 Interest payable and similar charges

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
Bank interest	4,031	1,246
Finance costs	154,424	305,796
	<hr/>	<hr/>
	158,455	307,042
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation

(a) There is no tax charge for the period

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporate tax in the UK of 28% (year ended 31 May 2009 28 %) The differences are reconciled below

	18 month period ended 30 November 2010 £	Year ended 31 May 2009 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(3,708,546)	861,571
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (year ended 31 May 2009 28%)	(1,038,393)	241,240
<i>Effects of</i>		
Disallowed expenses and non taxable income	372,870	(24,123)
Capital allowances for period in excess of depreciation	48,006	(21,122)
Other timing differences	1,128	-
Utilisation of tax losses brought forward	-	(185,495)
Unrelieved tax losses and other deductions in the period	618,645	-
Disallowance of loans due to group undertakings waived	-	(10,500)
Total current tax charge (see above)	-	-

During the period there was a HMRC enquiry into the years ended 31 May 2005 and 31 May 2007 which resulted in a corporation tax liability of £100,059 for the year ended 31 May 2009, giving rise to a corporation tax creditor at 30 November 2010 This liability was settled with a payment to HMRC in February 2011 As a result of the trading loss generated in the period ended 30 November 2010, the company is able to carry back trading losses to the year ended 31 May 2009 to eliminate the aforementioned tax liability of £100,059 and obtain a repayment to the company of this amount, giving rise to a corporation tax debtor

(c) Factors that may affect future tax charges

With effect from 1 April 2011 the standard rate of corporation tax will reduce from 28% to 26% This will affect the rate at which timing differences will reverse The directors are not aware of any other factors that may impact the future tax charges of the company other than the continued availability of group relief

The unrecognised deferred taxation asset/(liability) is as follows

	2010 £000	2009 £000
Tax losses	495,591	-
Other timing differences	1,911	3,110
Accelerated capital allowances	26,741	(20,275)
	524,243	(17,165)

## Notes (continued)

### 8 Tangible fixed assets

	Freehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 31 May 2009	-	2,496,953	2,496,953
Additions	2,500,000	220,917	2,720,917
Disposals	-	(56,580)	(56,580)
At 30 November 2010	2,500,000	2,661,290	5,161,290
<b>Depreciation</b>			
At 31 May 2009	-	1,805,099	1,805,099
Impairment	750,000	-	750,000
Provided during the year	18,802	183,518	202,320
Disposals	-	(56,580)	(56,580)
At 30 November 2010	768,802	1,932,037	2,700,839
<b>Net book value</b>			
At 30 November 2010	1,731,198	729,253	2,460,451
At 31 May 2009	-	691,854	691,854

An independent valuation of the freehold property was performed by Edward Symmons LLP and their valuation was £1,750,000 against a purchase cost of £2,500,000. The accounts reflect the new valuation and an impairment charge has been made in this period.

### 9 Stocks

	30 November 2010 £	31 May 2009 £
Raw materials and consumables	127,392	208,865
Finished goods and goods for resale	443,593	287,388
	570,985	496,253

## Notes (continued)

### 10 Debtors

	30 November 2010 £	31 May 2009 £
Trade debtors	686,115	1,174,941
Amounts owed by parent undertakings	1,582,449	429,523
Corporation tax debtor	100,059	-
Other debtors	104,630	531,067
Prepayments and accrued income	195,911	127,557
	<u>2,669,164</u>	<u>2,263,088</u>

### 11 Creditors. amounts falling due within one year

	30 November 2010 £	31 May 2009 £
Trade creditors	756,202	1,478,649
Invoice discounting funding	-	543,912
Bank loans (note 13)	-	254,873
Amounts owed to parent undertakings	68,387	-
Amounts owed to group undertakings	72,910	-
Bank overdraft	-	96,099
Corporation tax creditor	100,059	-
Other taxes and social security costs	81,708	380,614
Other creditors	112,898	18,686
Accruals	116,834	465,332
	<u>1,308,998</u>	<u>3,238,165</u>

## Notes (continued)

### 12 Creditors: amounts falling due after more than one year

	30 November 2010 £	31 May 2009 £
Loans payable to group undertakings (note 13)	3,392,628	-
Bank loans (note 13)	-	40,747
Venture Capital loans (note 13)	-	1,592,411
	<u>3,392,628</u>	<u>1,633,158</u>

### 13 Loans

	30 November 2010 £	31 May 2009 £
Amounts falling due		
Less than one year	-	172,285
After more than one year but not more than two years	-	1,810,456
After more than two years but not more than five years	3,392,628	-
	<u>3,392,628</u>	<u>1,982,741</u>
Less issue costs	-	(94,710)
	<u>3,392,628</u>	<u>1,888,031</u>
Less included in creditors amounts falling due within one year	-	(254,873)
	<u>3,392,628</u>	<u>1,633,158</u>

The loan for £3,392,628 is owed to AMRI Hungary Zrt and is due and repayable in full on its maturity date of 18 February 2015. The interest is based on GBP LIBOR plus a margin of 2% per annum accrued annually and paid on the 31 December or any other date mutually agreed between the parties. Included in current liabilities for amounts owed to group undertakings is an interest accrual of £72,910. The bank and venture capital loans in the prior period were settled as part of the Albany Molecular Research Inc acquisition of the company on the 17 February 2010.

### 14 Deferred income

	30 November 2010 £	31 May 2009 £
Government grants bfwd	43,381	153,393
Received during year	-	6,876
Released during the year	(43,381)	(116,888)
	<u>-</u>	<u>43,381</u>
At 30 November 2010	-	43,381

## Notes (continued)

### 15 Called up share capital

	30 November 2010 £	31 May 2009 £
<i>Allotted, called up and fully paid</i>		
2,500,000 (2009 2,500,000) Ordinary shares of £ 0.10 each	250,000	250,000

### 16 Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £	Capital Contribution £	Profit and loss account £	Total shareholders funds £
At 31 May 2008	250,000	-	(2,575,080)	(2,325,080)
Profit for the year	-	-	861,571	861,571
At 31 May 2009	250,000	-	(1,713,509)	(1,463,509)
Capital contribution	-	6,271,507	-	6,271,507
Profit for the year	-	-	(3,708,546)	(3,708,546)
At 30 November 2010	250,000	6,271,507	(5,422,055)	1,099,452

Albany Molecular Research Incorporated as part of the acquisition on 17 February 2010 transferred funds in to Albany Molecular Research (UK) Limited as way of a capital contribution in order to purchase the land and buildings, settle all the outstanding loans and to cover payment of all associated interest/costs

### 17 Pension commitments

The company operates a defined contribution pension scheme on behalf of the directors and certain employees and contributes to personal pension arrangements for certain directors. The assets of the schemes are held separately from those of the company in independently administered funds. The company had outstanding liabilities at the 30 November 2010 of £12,108 (year ended 31 May 2009 £18,686)

## Notes (continued)

### 18 Other financial commitments

a) At 30 November 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	30 November 2010	31 May 2009	30 November 2010	31 May 2009
	£	£	£	£
Operating leases which expire				
Within 1-2 years	-	-	-	-
Within 2-5 years	-	-	7,189	6,889
Over 5 years	-	235,000	-	-
	<u>-</u>	<u>235,000</u>	<u>7,189</u>	<u>6,889</u>
	<u>-</u>	<u>235,000</u>	<u>7,189</u>	<u>6,889</u>

The £235,000 annual rent commitment has been removed as a result of the purchase of the land and buildings on the 17 February 2010

(b) The company has £82,868 authorised capital commitments at the period end (2009, £Nil)

### 19 Related party transactions

The company has taken advantage of the exemption permitted by FRS8 and has not disclosed transactions with other group companies

### 20 Parent undertaking

The company's immediate parent undertaking is Albany Molecular Research Limited (formerly known as Excelsyn Limited), which is incorporated in the United Kingdom. Copies of the financial statements for Albany Molecular Research Limited are available from its registered office: Mostyn Road, Holywell, Flintshire, CH8 9DN

### 21 Ultimate parent undertaking and controlling party

On the 17 February 2010, Excelsyn Limited (now known as Albany Molecular Research Limited), the previous parent undertaking, was acquired by Albany Molecular Research Incorporated. The company's ultimate parent undertaking and controlling party is now Albany Molecular Research Incorporated, a NASDAQ quoted company, which is incorporated in the United States of America. Copies of the financial statements for Albany Molecular Research Incorporated are available from its registered office: 26 Corporate Circle, Albany, NY