

**Albany Molecular Research (UK) Limited**

**Directors' report and financial  
statements**

Registered number 05125002

Year ended 31 December 2014



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## **Company information**

### **Directors**

D J Shepherd (Resigned 30 June 2015)  
D C Lathbury (Resigned 31 March 2014)  
L M Henderson  
M Nolan (Resigned 3 February 2015)  
F Ladin (Appointed 30 June 2015)

### **Auditor**

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

### **Bankers**

Barclays  
5 St Ann's Street  
Quayside  
Newcastle upon Tyne  
NE1 3DX

### **Solicitors**

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

### **Registered Office**

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

## Strategic report

The directors present their annual strategic report and the audited financial statements for the financial year ended 31 December 2014.

### 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 year after taxation amounted to £3,283,999 (2013: Loss £208,734). The directors do not recommend payment of a final ordinary dividend.

### Business review

The business continued to experience significant growth in turnover during 2014 with revenue increasing by 40% against the 2013 level to £10,457,000 (2013: £7,468,000). A number of new products were introduced to the site and growth was seen in the majority of regions (UK, Asia and N.America).

Throughout 2014 the business cost base continued to be well managed and was in-line with forecast. It is believed that the UK business and the Holywell site provided an attractive offering with a relatively low cost base, close integration of functions on the site, substantial manufacturing experience across a broad range of chemistry and a well-established quality management system, as well as access to global AMRI resources and expertise.

As a consequence of the increased revenue and continued control of costs, the business operating profit improved compared to 2013 and moved from a loss position previously to one of profit. In 2014 an operating profit of £111,809 was achieved against a loss of £129,882 in 2013.

During 2014 the business received quality regulatory inspections from both the Medicines and Healthcare Products Regulatory Agency (MHRA) and the US Food and Drug Administration (FDA) against the requirements of Good Manufacturing Practice (cGMP). Both inspections were successfully concluded with the Holywell site's EU GMP certificate for manufacture of active substances re-issued.

Following a review of the UK-based business in January 2015 Albany Molecular Research Inc. (the parent company) announced that it planned to close the Holywell site. The original strategy for the UK site was to act as a conduit between Europe and the United States. However the site has not been able to do this in a way that maximises value for their customers and shareholders at the parent company and is not aligned to the new strategy direction of the parent company. It was subsequently confirmed that operations at the site will cease by the end of 2015.

### Key performance indicators

The local management use a number of financial and non-financial indicators to measure the performance of the business. The financial indicators include revenue growth, booked to bill ratio (orders received compared to invoices raised), gross margin and opportunity visible pipeline; the key non-financial indicators include safety metrics, absenteeism and delivery adherence. For the year to December 2014 the year on year revenue growth was 40% (2013: 46%).

### Principal Risks and Uncertainties

The company operates in an extremely competitive Contract Research Organisation market environment. The key risks and uncertainties identified as facing the business are:

1. Competition from Far East companies that operate within a lower cost base and hence are able to attract business at lower prices. This may be mitigated by implementing cost reduction initiatives and operating to high standards of quality and customer service.

## Strategic report (continued)

2. The company may be impacted by strategic decisions of large customers and their internal product pipelines. The business is mitigating this by seeking to diversify its portfolio and working with customers in other markets and with later phase / commercial products.

### Future Developments

The company continues to build on the sales growth by way of investment in its quality standards, people and equipment; and constantly reviewing and fine tuning the sales and operation strategies.

By order of the board,



**L M Henderson**  
*Director*

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

Date: 25 SEPTEMBER 2015

## Directors' report

The directors present their directors' report and the audited financial statements for the financial year ended 31 December 2014.

### Directors

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

|               |                            |
|---------------|----------------------------|
| D J Shepherd  | (Resigned 30 June 2015)    |
| D C Lathbury  | (Resigned 31 March 2014)   |
| L M Henderson |                            |
| M Nolan       | (Resigned 3 February 2015) |
| F Laden       | (Appointed 30 June 2015)   |

M Nolan was 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.

### Going concern

Since the year end, the ultimate parent undertaking, Albany Molecular Research Inc. (the 'Group') announced the plan to close the UK facility by the end of 2015. As a result, the directors have not prepared the financial statements of the Company on a going concern basis. The effect of this is explained in note 1.

### Political and charitable contributions

During the year, the company made charitable donations totalling £250 (2013: £450) and political contributions of £nil (2013: £nil).

### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board,



L M Henderson  
Director

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

Date: 25 SEPTEMBER 2015

## **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

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

### **Independent auditor's report to the members of Albany Molecular Research (UK) Limited**

We have audited the financial statements of Albany Molecular Research (UK) Limited for the year ended 31 December 2014 set out on pages 8 to 18. 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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year 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.

#### **Emphasis of matter - non-going concern basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

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

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



**Independent auditor's report to the members of Albany Molecular Research (UK) Limited** *(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.



Hywel Jones (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

30 September 2015

**Profit and Loss Account**  
*for the year ended 31 December 2014*

|   | <i>Note</i> | <b>31 December<br/>2014<br/>£</b> | <b>31 December<br/>2013<br/>£</b> |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>Turnover</b>   | <b>2</b>    | <b>10,456,818</b>                 | <b>7,468,188</b>                  |
| Cost of sales   |             | <b>(9,613,190)</b>                | <b>(7,016,648)</b>                |
| <b>Gross profit</b>   |             | <b>843,628</b>                    | <b>451,540</b>                    |
| Administrative expenses   |             | <b>(731,819)</b>                  | <b>(581,422)</b>                  |
| <b>Operating profit/(loss)</b>                                  | <b>2-3</b>  | <b>111,809</b>                    | <b>(129,882)</b>                  |
| Exceptional item - Tangible assets impairment                   | <b>8</b>    | <b>(1,758,334)</b>                | <b>-</b>                          |
| Exceptional item - Write off of intercompany balance            | <b>10</b>   | <b>(1,582,302)</b>                | <b>-</b>                          |
| <b>Loss on ordinary activities before interest and taxation</b> |             | <b>(3,228,827)</b>                | <b>(129,882)</b>                  |
| Bank interest receivable  |             | <b>492</b>                        | <b>1,119</b>                      |
| Interest payable and similar charges                            | <b>6</b>    | <b>(55,664)</b>                   | <b>(79,971)</b>                   |
| <b>Loss on ordinary activities before taxation</b>              |             | <b>(3,283,999)</b>                | <b>(208,734)</b>                  |
| Tax on loss on ordinary activities                              | <b>7</b>    | <b>-</b>                          | <b>-</b>                          |
| <b>Loss for the financial period</b>                            |             | <b>(3,283,999)</b>                | <b>(208,734)</b>                  |

The results shown above are derived wholly from continuing operations.

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2014*

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £3,283,999 for the year ended 31 December 2014, and the loss of £208,734 for the year ended 31 December 2013.

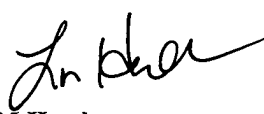
The notes on pages 10 to 18 form part of the financial statements.

**Balance Sheet**  
*at 31 December 2014*

|   | <i>Note</i> | <b>31 December<br/>2014<br/>£</b> | <b>31 December<br/>2013<br/>£</b> |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>Current assets</b>                                 |             |                                   |                                   |
| Tangible assets                                       | 8           | 1,752,946                         | 3,414,309                         |
| Stocks  | 9           | 1,294,740                         | 1,089,379                         |
| Debtors   | 10          | 2,855,024                         | 3,828,227                         |
| Cash at bank and in hand                              |             | 732,828                           | 187,542                           |
|   |             | <hr/>                             | <hr/>                             |
| <b>Creditors: amounts falling due within one year</b> | 11          | <b>6,635,538<br/>(3,280,650)</b>  | <b>8,519,457<br/>(2,430,570)</b>  |
|   |             | <hr/>                             | <hr/>                             |
| <b>Net assets</b>                                     |             | <b>3,354,888</b>                  | <b>6,088,887</b>                  |
|   |             | <hr/>                             | <hr/>                             |
| <b>Capital and reserves</b>                           |             |                                   |                                   |
| Called up share capital                               | 12          | 10,545,000                        | 9,995,000                         |
| Capital contribution                                  | 13          | 6,271,507                         | 6,271,507                         |
| Profit and loss account                               | 13          | (13,461,619)                      | (10,177,620)                      |
|   |             | <hr/>                             | <hr/>                             |
| <b>Shareholders' funds</b>                            |             | <b>3,354,888</b>                  | <b>6,088,887</b>                  |
|   |             | <hr/>                             | <hr/>                             |

The notes on pages 10 to 18 form part of the financial statements.

These financial statements were approved by the board of directors on 26/1/15 and were signed on its behalf by:

  
**L M Henderson**  
*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.

#### Basis of preparation

In previous years, the financial statements have been prepared on a going concern basis. However, in February 2015, the Group took the decision to close down the UK facility by the end of 2015. As the company is not going to be a going concern in the next twelve months, the directors have not prepared the financial statements on a going concern basis. As a result, fixed assets ('tangible assets') and investments have been reclassified as current assets. Adjustments were made to impair the tangible assets and investments to the net realisable value (see note 8 for further details). No other adjustments were necessary to the remaining net assets included in these financial statements.

#### 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.

#### **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. The assets of the scheme are held separately from those of the company in an independently administered fund. 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:

|                               | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|-------------------------------|--------------------------|--------------------------|
| <i>By geographical market</i> |                          |                          |
| United Kingdom                | 3,771,682                | 2,131,015                |
| European Union (excluding UK) | 297,152                  | 759,742                  |
| Asia/Australasia              | 3,904,939                | 2,520,701                |
| North America                 | 2,435,706                | 1,951,650                |
| Rest of World                 | 47,339                   | 105,080                  |
|                               | <hr/>                    | <hr/>                    |
|                               | 10,456,818               | 7,468,188                |
|                               | <hr/>                    | <hr/>                    |

### 3 Operating Profit/(loss)

This is stated after charging:

|   | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|---|--------------------------|--------------------------|
| Auditors' remuneration - audit              | 22,000                   | 19,240                   |
| Depreciation of owned tangible assets       | 303,364                  | 261,600                  |
| Operating lease rentals – plant & machinery | 35,950                   | 28,963                   |
|   | <hr/>                    | <hr/>                    |

## Notes (continued)

### 4 Remuneration of directors

|   | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|---|--------------------------|--------------------------|
| Directors' emoluments                                   | 115,596                  | 88,250                   |
| Company contributions to money purchase pension schemes | 7,720                    | 7,399                    |

#### Number of directors

|                                   | 31 December<br>2014<br>No | 31 December<br>2013<br>No |
|-----------------------------------|---------------------------|---------------------------|
| Members of money purchase schemes | 1                         | 2                         |

A director of the company has his salary recharged to Albany Molecular Research Incorporated which reflects his position in the group of Vice President of Chemical Development, a corporate position. The proportion of emoluments reflecting his services for this company was £6,649 (2013: £25,705)

### 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

|                | 31 December<br>2014 | 31 December<br>2013 |
|----------------|---------------------|---------------------|
| Management     | 6                   | 6                   |
| Administration | 3                   | 4                   |
| Production     | 63                  | 52                  |
|                | 72                  | 62                  |

The aggregate payroll costs of these persons were as follows:

|                       | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|-----------------------|--------------------------|--------------------------|
| Wages and salaries    | 2,278,052                | 2,107,765                |
| Social security costs | 242,225                  | 225,174                  |
| Other pension costs   | 137,068                  | 129,517                  |
|                       | 2,657,345                | 2,462,456                |

## Notes (continued)

### 6 Interest payable and similar charges

|               | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|---------------|--------------------------|--------------------------|
| Finance costs | 55,664                   | 79,971                   |

### 7 Taxation

(a) There is no tax charge for the period.

(b) Factors affecting current tax charge.

The tax assessed on the loss on ordinary activities for the period is lower (2013: lower) than the standard rate of corporate tax in the UK of 21.50% (2013: 23.25%). The differences are reconciled below:

|  | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|--|--------------------------|--------------------------|
| <i>Current tax reconciliation</i>  |                          |                          |
| Loss on ordinary activities before tax   | (3,283,999)              | (208,734)                |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). | (706,060)                | (48,524)                 |
| <i>Effects of:</i>   |                          |                          |
| Disallowed expenses and non taxable income   | 340,195                  | -                        |
| Depreciation and impairment of fixed assets for period in excess of capital allowances                         | 307,307                  | 40,351                   |
| R&D expenditure credits  | -                        | 8,150                    |
| Other timing differences   | 1,845                    | 23                       |
| Unrelieved tax losses and other deductions in the period   | 56,713                   | -                        |
| Total current tax charge (see above)   | -                        | -                        |



## Notes (continued)

### 7 Taxation (continued)

#### (c) Factors that may affect future tax charges.

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

The unrecognised deferred taxation asset is as follows:

|                                | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|--------------------------------|--------------------------|--------------------------|
| Tax losses                     | 1,516,093                | 1,463,338                |
| Other timing differences       | 3,848                    | 2,131                    |
| Accelerated capital allowances | 264,200                  | 147,945                  |
|                                | <u>1,784,141</u>         | <u>1,613,414</u>         |

### 8 Tangible fixed assets

|                                   | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Total<br>£       |
|-----------------------------------|---------------------------|-----------------------------|------------------|
| <b>Cost</b>                       |                           |                             |                  |
| At 1 January 2014                 | 2,500,000                 | 4,367,798                   | 6,867,798        |
| Additions                         | -                         | 623,460                     | 623,460          |
| Disposal                          | -                         | (782,688)                   | (782,688)        |
|                                   | <u>2,500,000</u>          | <u>4,208,570</u>            | <u>6,708,570</u> |
| At 31 December 2014               | 2,500,000                 | 4,208,570                   | 6,708,570        |
| <b>Depreciation</b>               |                           |                             |                  |
| At 1 January 2014                 | 842,031                   | 2,611,458                   | 3,453,489        |
| Provided during the year          | 23,750                    | 279,614                     | 303,364          |
| Depreciation released on disposal | -                         | (559,563)                   | (559,563)        |
| Impairment                        | 824,312                   | 934,022                     | 1,758,334        |
|                                   | <u>1,690,093</u>          | <u>3,265,531</u>            | <u>4,955,624</u> |
| At 31 December 2014               | 1,690,093                 | 3,265,531                   | 4,955,624        |
| <b>Net book value</b>             |                           |                             |                  |
| At 31 December 2014               | 809,907                   | 943,039                     | 1,752,946        |
| At 31 December 2013               | 1,657,969                 | 1,756,340                   | 3,414,309        |

The company is not going to be a going concern due to the plan for closure by the end of 2015. Accordingly, tangible fixed assets have been re-classified to current assets. Impairment of £1,758,334 is recorded to write the assets down to the net realisable value. Accordingly, the impairment has been shown as an exceptional item in the face of the profit and loss account.

## Notes (continued)

### 9 Stocks

|                                  | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|----------------------------------|--------------------------|--------------------------|
| Raw materials and consumables    | 674,666                  | 303,112                  |
| Work in progress – intermediates | 620,074                  | 786,267                  |
|                                  | <u>1,294,740</u>         | <u>1,089,379</u>         |

### 10 Debtors

|                                     | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|-------------------------------------|--------------------------|--------------------------|
| Trade debtors                       | 2,484,865                | 2,025,376                |
| Amounts owed by parent undertakings | -                        | 1,582,302                |
| Amounts owed by group undertakings  | -                        | 43,515                   |
| Other debtors                       | 65,113                   | 80,502                   |
| Prepayments and accrued income      | 305,046                  | 96,532                   |
|                                     | <u>2,855,024</u>         | <u>3,828,227</u>         |

The amounts owed by parent undertakings has been written off in the year as the balance from Albany Molecular Research Ltd is not recoverable, this has been shown as an exceptional item in the face of the profit and loss.

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

|   | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|---|--------------------------|--------------------------|
| Trade creditors                                 | 999,928                  | 881,926                  |
| Amounts payable to group undertakings           | 650,238                  | 1,124,177                |
| Loan payable to group undertaking (see note 12) | 1,132,225                | -                        |
| Other taxes and social security costs           | 110,227                  | 72,315                   |
| Other creditors                                 | 288,424                  | 244,625                  |
| Accruals  | 99,608                   | 107,527                  |
|   | <u>3,280,650</u>         | <u>2,430,570</u>         |

In October 2014 Albany Molecular Research Ltd entered in to a loan agreement with Albany Molecular Research Singapore Pte. Ltd for the principal sum of \$1,750,000, with a maturity date of October 2019. Interest shall be accrued equal to one year of GBP LIBOR plus a margin of 3.25%, reset on the anniversary of the agreement. The balance is included in current liabilities as settlement of the loan is expected to be done within twelve months of these accounts.

## Notes (continued)

### 12 Called up share capital

|   | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
|---|--------------------------|--------------------------|
| <i>Allotted, called up and fully paid</i>                     |                          |                          |
| 105,450,000 (2013: 99,950,000) Ordinary shares of £ 0.10 each | 10,545,000               | 9,995,000                |

During the year shares to a value of £550,000 in Albany Molecular Research (UK) Limited were allotted to Albany Molecular Research Limited. The raised funds were used to inject additional working capital in to Albany Molecular Research (UK) Limited.

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

|                        | Called up share<br>capital<br>£ | Capital<br>contribution<br>£ | Profit<br>and<br>loss account<br>£ | Total<br>shareholders<br>funds<br>£ |
|------------------------|---------------------------------|------------------------------|------------------------------------|-------------------------------------|
| At 31 December 2012    | 7,210,000                       | 6,271,507                    | (9,968,886)                        | 3,512,621                           |
| Issue of share capital | 2,785,000                       | -                            | -                                  | 2,785,000                           |
| (Loss) for the year    | -                               | -                            | (208,734)                          | (208,734)                           |
| At 31 December 2013    | 9,995,000                       | 6,271,507                    | (10,177,620)                       | 6,088,887                           |
| Issue of share capital | 550,000                         | -                            | -                                  | 550,000                             |
| (Loss) for the year    | -                               | -                            | (3,283,999)                        | (3,283,999)                         |
| At 31 December 2014    | 10,545,000                      | 6,271,507                    | (13,461,619)                       | 3,354,888                           |

### 14 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 31 December 2014 of £31,923 (2013: £18,670).

## Notes (continued)

### 15 Other financial commitments

a) At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

|                                | Other                    |                          |
|--------------------------------|--------------------------|--------------------------|
|                                | 31 December<br>2014<br>£ | 31 December<br>2013<br>£ |
| Operating leases which expire: |                          |                          |
| Within 2-5 years               | 35,950                   | 28,963                   |

(b) The company has £103,000 authorised capital commitments at 31 December 2014 (2013: £149,000).

### 16 Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8 and has not disclosed transactions with other group companies.

### 17 Post year end event

On 2 April 2015, Albany Molecular Research Incorporated (AMRI) announced the decision to close its Holywell UK facility following a consultation process with employee representatives. AMRI will transition activities at the Holywell site to other facilities within the AMRI network and plans to cease operations at the site by the end of 2015.

The impact of this has been explained further in note 1.

### 18 Parent undertaking

The company's immediate parent undertaking is Albany Molecular Research 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.

### 19 Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is 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.