Albany Molecular Research Limited

Directors' report and financial statements

Registered number 05045523

Year ended 31 December 2012

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Contents

Company information

Directors
D J Shepherd
D C Lathbury
L M Henderson
M Nolan

Auditor
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
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LS1 4BY

Registered Office
Mostyn Road
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Flintshire
CH8 9DN

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company during the year was the provision of a head office and management function to its subsidiary companies These subsidiaries offer chemistry services and products to customers in the pharmaceutical, biotech and chemicals value chain

Results and dividends

The loss of the group for the year, after taxation, amounted to £1,676,000 (*2011 loss £2,674,000*) The directors do not recommend payment of a final ordinary dividend

Business review

The review is focused on the trading subsidiary Albany Molecular Research (UK) Ltd The business experienced significant growth in turnover during 2012 with revenue increasing by 33% against the 2011 level (£5,103k vs £3,841k) The lack of demand for a key product from the site continued through 2012 as had been anticipated in previous reports and the growth largely came from other established products In particular, demand returned after several years for an intermediate supplied to a large European pharmaceutical company for use in manufacture of a drug which is approaching its market launch, and is therefore expected to drive regular activity in the future In general, demand in the development sector remained below historical levels as a result of the continued economic situation in Europe, whilst both the company as a whole and the UK-based business experienced increased demand in large-scale manufacturing It is anticipated that this trend is likely to continue as large pharmaceutical companies continue to outsource both development and manufacturing activities whilst reducing internal resources and biotech firms re-emerge as the economic upturn gathers pace There were positive signs from Europe during 2012 with much of the growth coming from this region

Throughout 2012 the business cost base continued to be well managed and was in-line with forecast The business continues to look for ways to further reduce costs and offset increases seen in areas such as energy and this has included utilising the corporate material purchasing group based in India It is believed that the UK business and the Holywell site continue to have an attractive offering with a relatively low cost base and close integration of functions 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 loss reduced substantially compared to 2011 (£1,604k vs £2,554k in 2011) demonstrating continued progress towards returning to profit following the downturn and restructuring made in 2009

During 2012 AMRI launched AMRI SMARTSOURCING™ providing customers with improved outcomes across both outsourcing and insourcing by leveraging AMRI's expertise, global facilities and project management to develop strategic relationships and flexible delivery models Examples of added value provided by the Holywell site to the global AMRI offering include manufacturing intermediates for downstream consumption by the Rensselaer, NY facility, accessing the larger pool of analytical expertise in the Indian facility and developing greater cross-site interaction in areas of technical development and manufacturing best practice

AMRI continued to invest in the Holywell facility with a capital expenditure programme of approximately £560k during 2012 (vs £470k in 2011) A large proportion of this investment was directed at the larger scale manufacturing unit (up to 4,500 L batch volumes) in order to add this to the scope of the site's existing GMP certificate The project was largely complete by the end of 2012 with minor items completed during Q1 2013 Following certification of the unit for GMP manufacture it is anticipated that the site will be able to deliver larger opportunities more economically and hence provide another capability link in the global AMRI manufacturing and development network

Although there were no quality regulatory inspections during 2012 the site continued to host a number of customer quality audits and these were completed successfully with only minor observations noted The site continued to operate to the requirements of cGMP and was also successfully recertified against the ISO9001 standard The business achieved accreditation against the British Retail Consortium Global Food Safety standard for its manufacture of a food ingredient in a new facility constructed in 2011

Directors' report (continued)

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 vs 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 2012 the year on year revenue growth was 33% (*2011 a reduction of 22%*) and a booked to bill ratio of 0 83 (*2011 1 16*)

Future developments

The directors expect the company to continue to operate as head of a group focusing on delivering services to pharmaceutical and biotech customers

Going concern

Based on the most recent projections and the expectation of on-going financing the directors have prepared the financial statements on a going concern basis These matters are explained further in note 1 to these financial statements

Directors

The directors who held office during the year were as follows

M T Frost	(Resigned 14 September 2012)
D J Shepherd	
D C Lathbury	
L M Henderson	
M Nolan	(Appointed 17 September 2012)

M Nolan is also a director of the ultimate parent undertaking, Albany Molecular Research Inc and his interests (including options) in this company are disclosed in the group financial statements of that company

Political and charitable contributions

During the year, the company made charitable donations totalling £nil (*2011 £nil*) and political contributions of £nil (*2011 £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 Group 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 Group interest income and expenses are therefore affected by movements in interest rates The Group does not undertake any hedging activity

Credit risk

The Group does not extend credit to external debtors without having assessed their creditworthiness as satisfactory

Liquidity risk

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

Foreign currency risk

The Group's operations are materially split between inter-company and third party debt. The Group 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 Group's exposure to foreign currency risk is minimal, as at the balance sheet date

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,

D J Shepherd
Director

Mostyn Road
Holywell
Flintshire
CH8 9DN

Date 16/SEP/2013

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 group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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 group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Albany Molecular Research Limited

We have audited the financial statements of Albany Molecular Research Limited for the year ended 31 December 2012 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 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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group s and the parent company's affairs as at 31 December 2012 and of the group's 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

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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

16 September 2013

Group Profit and Loss Account

for the year ended 31 December 2012

	Note	31 December 2012 £000	31 December 2011 £000
Turnover	2	**5,103**	3,841
Cost of sales		**(6,177)**	(5,633)
Gross loss		**(1,074)**	(1,792)
Administrative expenses		**(530)**	(762)
Operating loss	2-3	**(1,604)**	(2,554)
Interest payable and similar charges	6	**(72)**	(120)
Loss on ordinary activities before taxation		**(1,676)**	(2,674)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial period		**(1,676)**	(2,674)

The results shown above are derived wholly from continuing operations

Group Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,676,000 for the year ended 31 December 2012, and the loss of £2,674,000 for the year ended 31 December 2011

The notes on pages 11 to 20 form part of the financial statements

Group Balance Sheet
at 31 December 2012

	Note	31 December 2012 £000	31 December 2011 £000
Fixed assets			
Tangible assets	*8*	**3,285**	3,001
Current assets			
Stocks	*10*	**673**	339
Debtors	*11*	**1,234**	1,030
Cash at bank and in hand		**364**	387
		2,271	1,756
Creditors amounts falling due within one year	*12*	**(3,626)**	(1,093)
Net current (liabilities)/assets		**(1,355)**	663
Total assets less current liabilities		**1,930**	3,664
Creditors amounts falling due after more than one year	*13*	**-**	(3,393)
Net assets		**1,930**	271
Capital and reserves			
Called up share capital	*15*	**8,102**	4,767
Share premium account	*15*	**349**	349
Capital contribution	*15*	**6,271**	6,271
Profit and loss account	*15*	**(12,792)**	(11,116)
Shareholders' funds		**1,930**	271

The notes on pages 11 to 20 form part of the financial statements

These financial statements were approved by the board of directors on 16/9/13 and were signed on its behalf by

D J Shepherd
Director

Company Balance Sheet
at 31 December 2012

	Note	31 December 2012 £000	31 December 2011 £000
Fixed assets			
Investments	*9*	**7,210**	3,875
Creditors amounts falling due within one year	*12*	**(1,582)**	(1,582)
Net current liabilities		**(1,582)**	(1,582)
Total assets less current liabilities		**5,628**	2,293
Net assets		**5,628**	2,293
Capital and reserves			
Called up share capital	*15*	**8,102**	4,767
Share premium account	*15*	**349**	349
Profit and loss account	*15*	**(2,823)**	(2,823)
Shareholders' funds		**5,628**	2,293

These financial statements were approved by the board of directors on 16/9/13 and were signed on its behalf by

D Shepherd

D J Shepherd
Director

Notes
(forming part of the financial statements)

1 Accounting policies

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2012 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Going concern

The Group and Company 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

Investments

Investments are stated at cost less provision for any impairment

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
Equipment, plant and machinery	-	3 to 12 years, straight line

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

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)*

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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

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

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

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

Pensions

The Group 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

Leasing and hire purchase commitments

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

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

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 accounts not invoiced Turnover is wholly attributable to the group's one principal continuing activity

An analysis of turnover by geographical market is given below

	Group	
	31 December 2012 Turnover £000	31 December 2011 Turnover £000
By geographical market		
United Kingdom	**1,286**	1,030
European Union (excluding UK)	**1,659**	342
Rest of Europe	**-**	102
Asia/Australasia	**294**	100
North America	**1,864**	2,267
	5,103	3,841

3 Operating loss

This is stated after charging

	Group	
	31 December 2012 £000	31 December 2011 £000
Auditors' remuneration - audit	**19**	20
Depreciation of owned fixed assets	**269**	268
Operating lease rentals - plant and machinery	**5**	6

Notes *(continued)*

4 Remuneration of directors

	Group	
	31 December 2012 £000	31 December 2011 £000
Directors' emoluments	**85**	83
Company contributions to money purchase pension schemes	**7**	7

	Group	
	No	No
Money purchase schemes	**2**	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 Albany Molecular Research (UK) Ltd was £18,000 *(2011 £17 000)*

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

	Group	
	31 December 2012 £000	31 December 2011 £000
Management	**7**	8
Administration	**4**	4
Production	**50**	50
	61	62

	Group	
	31 December 2012 £000	31 December 2011 £000
Wages and salaries	**2,050**	2,111
Social security costs	**216**	226
Other pension costs	**129**	108
	2,395	2,445

6 Interest payable and similar charges

	Group	
	31 December 2012 £000	31 December 2011 £000
Finance costs	**72**	120

Notes *(continued)*

7 Taxation

(a) There is no tax charge for the period
(b) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 24 5% *(2011 26 5%)* The difference is reconciled as follows

Analysis of charge in period

	Group	
	31 December 2012 £000	31 December 2011 £000
Loss on ordinary activities before tax	**(1,676)**	(2,674)
Loss on ordinary activities multiplied by a standard rate of tax in the UK of 24 5% *(2011 26 5%)*	**(411)**	(709)
Expenses not deductible for tax	**-**	7
Capital allowances in excess of depreciation	**64**	45
Unrelieved tax losses carried forward	**347**	657
Total current tax	**-**	-

(c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge accordingly

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge

The unrecognised deferred taxation asset is as follows

	Group	
	31 December 2012 £000	31 December 2011 £000
Tax losses	**1,428**	**1,217**
Other timing differences	**2**	**2**
Accelerated capital allowances	**136**	**71**
	1,566	**1,290**

Notes *(continued)*

8 Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Total £000
Cost			
At 31 December 2011	2,500	3,484	5,984
Additions	-	562	562
Disposal	-	(67)	(67)
At 31 December 2012	2,500	3,979	6,479
Depreciation			
At 31 December 2011	795	2,188	2,983
Provided during the year	23	246	269
Depreciation released on disposal	-	(58)	(58)
At 31 December 2012	818	2,376	3,194
Net book value			
At 31 December 2012	**1,682**	**1,603**	**3,285**
At 31 December 2011	1,705	1,296	3,001

The company has no tangible fixed assets

9 Fixed asset investments

	£000
Cost and net book value	
At 31 December 2011	3,875
Additions	3,335
At 31 December 2012	7,210

Details of the principal investments in which the company holds more than 10% of the nominal value of any class of share capital is as follows

Subsidiary undertakings	Proportion Held	Nature of business
Albany Molecular Research (UK) Limited	100%	Manufacturing of pharmaceutical products

The results for Albany Molecular Research (UK) Limited for the same period have been consolidated in to these financial statements All shareholdings in subsidiary undertakings, which are all incorporated and registered in England and Wales, represent ordinary share capital of that company

Notes *(continued)*

10 Stocks

	Group	
	31 December 2012 £000	31 December 2011 £000
Raw materials and consumables	**270**	139
Work in progress - intermediates	**403**	200
	673	339

The company holds no stock

11 Debtors

	Group	
	31 December 2012 £000	31 December 2011 £000
Trade debtors	**862**	601
Amounts owed by group undertakings	**205**	121
Corporation tax debtor	**-**	101
Other debtors	**91**	81
Prepayments and accrued income	**76**	126
	1,234	1,030

The company has no debtors

12 Creditors: amounts falling due within one year

	Group		Company	
	31 December 2012 £000	31 December 2011 £000	**31 December 2012 £000**	31 December 2011 £000
Trade creditors	**893**	529	**-**	-
Amounts payable to group undertakings	**1,361**	304	**1,582**	1,582
Loan payable to group undertaking (see note 13)	**1,145**	-	**-**	-
Other taxes and social security costs	**77**	85	**-**	-
Other creditors	**63**	67	**-**	-
Accruals and deferred income	**87**	108	**-**	-
	3,626	1,093	**1,582**	1,582

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	Group	
	31 December 2012 £000	31 December 2011 £000
Loans	-	3,393

The current loan of £1,145,001 is owed to AMRI Hungary Zrt and was due and repayable in full on its maturity date of 18 February 2015 During 2012 AMRI Hungary Zrt ceased trading and the loan balance is now payable within one year 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 £191,859

The company has no creditors falling due after more than one year

14 Called up share capital

	31 December 2012 No	31 December 2011 No	**31 December 2012 £000**	31 December 2011 £000
Allotted, called up and fully paid				
Ordinary shares of £0 10 each	**81,022,170**	47,672,170	**8,102**	4,767

During 2012 share allotments were made for 33,350,000 shares issued to Albany Molecular Research Incorporated for the value of £3,335,000 The raised funds were used to inject additional working capital in to Albany Molecular Research (UK) Limited

15 Reconciliation of shareholders' funds and movements on reserves

Group

	Called up share capital £000	Share premium account £000	Capital Contribution £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2010	1,942	349	6,271	(8,442)	120
Issue of shares	2,825	-	-	-	2,825
Loss for the year	-	-	-	(2,674)	(2,674)
At 31 December 2011	4,767	349	6,271	(11,116)	271
Issue of shares	3,335	-	-	-	3,335
Loss for the year	-	-	-	(1,676)	(1,676)
At 31 December 2012	**8,102**	**349**	**6,271**	**(12,792)**	**1,930**

Notes *(continued)*

15 Reconciliation of shareholders' funds and movements on reserves *(continued)*

Company

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2010	1,942	349	(2,823)	(532)
Issue of shares	2,825	-	-	2,825
At 31 December 2011	4,767	349	(2,823)	2,293
Issue of shares	3,335	-	-	3,335
At 31 December 2012	**8,102**	**349**	**(2,823)**	**5,628**

16 Pension commitments

The group 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 group in independently administered funds The group had outstanding liabilities of £18,000 at 31 December 2012 *(2011 £16,000)*

17 Other financial commitments

a) At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

		Other
	31 December 2012 £000	31 December 2011 £000
Operating leases which expire		
Within 2-5 years	**5**	5

(b) The group has £28,000 authorised capital commitments at 31 December 2012 *(2011 £85,000)*

18 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

19 Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Albany Molecular Research Incorporated, a NASDAQ quoted company, which is incorporated in the Unites States of America Copies of the financial statements for Albany Molecular Research Incorporated are available from its registered office 26 Corporate Circle, Albany, NY