

**Albany Molecular Research Limited**

**(formerly Excelsyn Limited)**

**Directors' report and financial  
statements**

**Registered number 05045523  
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 report and financial statements for the 18 month period ended 30 November 2010

### Principal activity and review of the business

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

### Results and dividends

The loss of the group for the period, after taxation, amounted to £3,840,000 (*year ended 31 May 2009 profit £1,483,000*). 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) Limited (formerly Excelsyn Molecular Development Limited). 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 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.

## Directors' report (*continued*)

### 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 ongoing 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

I D Shott	(Resigned 17 February 2010)
P C Ryan	(Resigned 17 February 2010)
Dr R Shaw	(Resigned 17 February 2010)
M Simpson	(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)

On 17 February 2010 Albany Molecular Research Inc acquired the shares of Albany Molecular Research Ltd (formerly Excelsyn Ltd) on which date all the Excelsyn Ltd directors resigned except for Dr D K Rowles as his services were retained in the new organisation

M 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 year, the group made £850 (*year ended 31 May 2009 £908*) in charitable donations 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 interest income and expenses are therefore affected by movements in interest rates. The company 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 company aims to mitigate liquidity risk by managing cash generated by its operations

**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 they are obliged to take as a director in order to make themselves 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 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 auditors' report to the members of Albany Molecular Research Limited (formerly Excelsyn Limited)**

We have audited the financial statements of Albany Molecular Research Limited (formerly Excelsyn Limited) for the 18 month period ended 30 November 2010 set out on pages 8 to 24. 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 group's and the parent company's affairs as at 30 November 2010 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 (formerly Excelsyn 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

21 September 2011

**Group Profit and Loss Account**  
*for the 18 month period ended 30 November 2010*

	<i>Note</i>	<b>18 month period ended 30 November 2010 £000</b>	Year ended 31 May 2009 £000
<b>Turnover</b>	2	8,706	11,714
<b>Cost of sales</b>		(9,271)	(8,001)
<b>Gross (loss)/profit</b>		(565)	3,713
Administrative expenses (incl property impairment of £750,000 (2009, £nil))		(3,110)	(2,212)
Negative goodwill amortisation		-	335
<b>Operating (loss)/profit</b>	3	(3,675)	1,836
Bank interest receivable		-	26
Interest payable and similar charges	6	(165)	(379)
<b>(Loss)/profit on ordinary activities before taxation</b>	7	(3,840)	1,483
Tax on (loss)/profit on ordinary activities		-	-
<b>(Loss)/profit for the financial period</b>	17	(3,840)	1,483

**Group 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 £3,840,000 for the 18 month period ended 30 November 2010, and the profit of £1,483,000 for the year ended 31 May 2009

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

	<i>Note</i>	<b>30 November 2010 £000</b>	<b>31 May 2009 £000</b>
<b>Fixed assets</b>			
Tangible assets	8	2,460	632
<b>Current assets</b>			
Stocks	10	571	496
Debtors	11	1,087	1,841
Cash at bank and in hand		101	11
		<u>1,759</u>	<u>2,348</u>
<b>Creditors</b> amounts falling due within one year	12	(1,309)	(3,482)
<b>Net current assets/(liabilities)</b>		<u>450</u>	<u>(1,134)</u>
<b>Total assets less current liabilities</b>		<b>2,910</b>	<b>(502)</b>
<b>Creditors:</b> amounts falling due after more than one year	13	(3,393)	(2,321)
<b>Accruals and deferred income</b>			
Deferred grants	15	-	(91)
<b>Net liabilities</b>		<u>(483)</u>	<u>(2,914)</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,142	1,142
Share premium account	17	349	349
Capital contribution	17	6,271	-
Profit and loss account	17	(8,245)	(4,405)
<b>Shareholders' deficit</b>		<u>(483)</u>	<u>(2,914)</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

**Company Balance Sheet**  
at 30 November 2010

	<i>Note</i>	30 November 2010 £000	31 May 2009 £000
<b>Fixed assets</b>			
Tangible fixed assets	8	-	-
Investments	9	250	250
		<u>250</u>	<u>250</u>
<b>Current assets</b>			
Debtors	11	-	-
Cash at bank and in hand		-	10
		<u>-</u>	<u>10</u>
<b>Creditors</b> amounts falling due within one year	12	(1,582)	(612)
<b>Net current liabilities</b>		<u>(1,582)</u>	<u>(602)</u>
<b>Total assets less current liabilities</b>		<u>(1,332)</u>	<u>(352)</u>
<b>Creditors</b> ; amounts falling due after more than one year	13	-	(688)
<b>Net liabilities</b>		<u>(1,332)</u>	<u>(1,040)</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,142	1,142
Share premium account	17	349	349
Profit and loss account	17	(2,823)	(2,531)
<b>Shareholders' deficit</b>		<u>(1,332)</u>	<u>(1,040)</u>

These financial statements were approved by the board of directors on 14/30/11 and were signed on its behalf by



**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 30 November 2010. 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 - 3-12 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 company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

**Notes** *(continued)*

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

**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

**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

	<b>Group</b>	
	<b>18 month period ended 30 November 2010 Turnover £000</b>	<b>Year ended 31 May 2009 Turnover £000</b>
<i>By geographical market</i>		
United Kingdom	2,266	2,092
European Union (excluding UK)	1,436	1,699
Rest of Europe	623	821
Asia	2,251	5,865
North America	2,130	1,237
	<hr/>	<hr/>
	<b>8,706</b>	<b>11,714</b>
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

3 Operating loss

This is stated after charging/(crediting)

	Group	
	18 month period ended 30 November 2010 £000	Year ended 31 May 2009 £000
Auditors' remuneration - audit	23	20
Depreciation of owned fixed assets	202	420
Impairment charge on property (note 8)	750	-
Operating lease rentals – plant & machinery	6	6
Operating lease rentals – other	165	229
Release of negative goodwill	-	(335)
Grant release	(91)	(117)
	<u>          </u>	<u>          </u>

4 Remuneration of directors

	Group	
	18 month period ended 30 November 2010 £000	Year ended 31 May 2009 £000
Directors' emoluments	886	470
	<u>          </u>	<u>          </u>
Company contributions to money purchase pension schemes	27	23
	<u>          </u>	<u>          </u>

Included in the directors' emoluments for the period were one off payments relating to the acquisition and compensation payments for loss of office totalling £512,000. Prior to 17 February 2010 directors' emoluments were borne by Albany Molecular Research Limited and they now paid by Albany Molecular Research (UK) Limited

	Group	
	No	No
Money purchase schemes	3	3
	<u>          </u>	<u>          </u>

	Group	
	£000	£000
Emoluments of the highest paid director		
Emoluments	409	204
	<u>          </u>	<u>          </u>
Company contributions paid to money purchase pension schemes	8	8
	<u>          </u>	<u>          </u>



**Notes (continued)**

**5 Staff numbers and costs**

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

	<b>Number of employees</b>	
	<b>Group</b>	
	<b>18 month period ended 30 November 2010</b>	<b>Year ended 31 May 2009</b>
Management	10	14
Administration	4	7
Production	50	63
	<u>64</u>	<u>84</u>

	<b>Group</b>	
	<b>18 month period ended 30 November 2010 £000</b>	<b>Year ended 31 May 2009 £000</b>
Wages and salaries	3,791	2,947
Social security costs	420	319
Other pension costs	159	178
	<u>4,370</u>	<u>3,444</u>

**6 Interest payable and similar charges**

	<b>Group</b>	
	<b>18 month period ended 30 November 2010 £000</b>	<b>Year ended 31 May 2009 £000</b>
Bank interest	5	23
Loan interest	6	50
Finance costs	154	306
	<u>165</u>	<u>379</u>

**Notes (continued)**

**7 Taxation**

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

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%) The difference is reconciled as follows

*Analysis of charge in period*

	Group	
	18 month period ended 30 November 2010 £000	Year ended 31 May 2009 £000
Loss on ordinary activities before tax	(3,840)	1,483
Loss on ordinary activities multiplied by a standard rate of tax in the UK of 28% (2009 28%)	(1,075)	415
Expenses not deductible for tax	376	(16)
Capital allowances in excess of depreciation	48	(21)
Utilisation of tax losses brought forward	-	(378)
Other timing differences	(1)	-
Unrelieved tax losses carried forward	652	-
Total current tax	-	-

- (c) 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 is as follows

	Group	
	2010 £000	2009 £000
Tax losses	782	430
Other timing differences	2	4
Accelerated capital allowances	27	(101)
	811	333

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

**Notes (continued)**

**8 Tangible fixed assets**

**Group**

	<b>Freehold property £000</b>	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 31 May 2009	-	2,441	2,441
Additions	2,500	280	2,780
Disposals	-	(60)	(60)
	<hr/>	<hr/>	<hr/>
At 30 November 2010	2,500	2,661	5,161
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 31 May 2009	-	1,809	1,809
Impairment	750	-	750
Provided during the year	19	183	202
Disposals	-	(60)	(60)
	<hr/>	<hr/>	<hr/>
At 30 November 2010	769	1,932	2,701
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 November 2010	1,731	729	2,460
	<hr/>	<hr/>	<hr/>
At 31 May 2009	-	632	632
	<hr/>	<hr/>	<hr/>

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.

**Notes (continued)**

**Tangible fixed assets (continued)**

**Company**

	<b>Fixtures and fittings £000</b>
<b>Cost</b>	
At 31 May 2009	4
Disposals	(4)
	<hr/>
At 30 November 2010	-
	<hr/> <hr/>
<b>Depreciation</b>	
At 31 May 2009	4
Provided during the year	(4)
	<hr/>
At 30 November 2010	-
	<hr/> <hr/>
<b>Net book value</b>	
At 30 November 2010 and 31 May 2009	-
	<hr/> <hr/>

**9 Fixed asset investments**

	<b>£000</b>
<b>Cost and net book value</b>	
At 31 May 2009	250
Disposals	-
	<hr/>
At 30 November 2010	250
	<hr/> <hr/>

**Notes (continued)**

**9 Fixed asset investments (continued)**

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 (formerly Excelsyn Molecular Research Limited)	100%	Manufacturing of pharmaceutical products

During the period Excelsyn Engineering Technology Limited and Excelsyn Management Consulting Limited were sold for £nil consideration. The carrying value of the investments associated with these entities were £nil therefore £nil profit/loss on disposal was recognised. The results for Albany Molecular Research (UK) Limited for the same 18 month 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.

**10 Stocks**

	Group		Company	
	30 November 2010 £000	31 May 2009 £000	30 November 2010 £000	31 May 2009 £000
Raw materials and consumables	127	209	-	-
Finished goods and goods for resale	444	287	-	-
	<u>571</u>	<u>496</u>	<u>-</u>	<u>-</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

**11 Debtors**

	Group		Company	
	30 November 2010 £000	31 May 2009 £000	30 November 2010 £000	31 May 2009 £000
Trade debtors	686	1,175	-	-
Corporation tax debtor	100	-	-	-
Other debtors	105	538	-	-
Prepayments and accrued income	196	128	-	-
	<u>1,087</u>	<u>1,841</u>	<u>-</u>	<u>-</u>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>30 November 2010 £000</b>	<b>31 May 2009 £000</b>	<b>30 November 2010 £000</b>	<b>31 May 2009 £000</b>
Loans	-	380	-	125
Bank overdraft	-	96	-	-
Trade creditors	756	1,539	-	-
Amounts payable to group undertakings	141	-	1,582	429
Corporation tax creditor	100	-	-	-
Other taxes and social security costs	82	427	-	-
Other creditors	113	19	-	47
Accruals and deferred income	117	477	-	11
Invoice discounting	-	544	-	-
	<u>1,309</u>	<u>3,482</u>	<u>1,582</u>	<u>612</u>

**13 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>30 November 2010 £000</b>	<b>31 May 2009 £000</b>	<b>30 November 2010 £000</b>	<b>31 May 2009 £000</b>
Loans (note 14)	3,393	2,321	-	688
	<u>3,393</u>	<u>2,321</u>	<u>-</u>	<u>688</u>

**Notes (continued)**

**14 Loans**

**Group**

	Bank and other loans		Shareholder loans		Total loans	
	30		30		30	
	November 2010 £000	31 May 2009 £000	November 2010 £000	31 May 2009 £000	November 2010 £000	31 May 2009 £000
Amounts falling due						
In one year or less or on demand	-	187	-	193	-	380
In more than one year but not more than two years	-	141	-	1,678	-	1,819
In more than two years but not more than five years	3,393	-	-	-	3,393	-
In more than five years	-	-	-	597	-	597
	<u>3,393</u>	<u>328</u>	<u>-</u>	<u>2,468</u>	<u>3,393</u>	<u>2,796</u>
Less, issue costs					-	(95)
					<u>3,393</u>	<u>2,701</u>
Less included in creditors amounts falling due within one year					-	(380)
					<u>3,393</u>	<u>2,321</u>

The loan for £3,393k 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 £73k.

**Company**

	Bank and other loans		Shareholder loans		Total loans	
	30		30		30	
	November 2010	31 May 2009	November 2010	31 May 2009	November 2010	31 May 2009
Amounts falling due						
In one year or less or on demand	-	15	-	110	-	125
In more than one year but not more than two years	-	91	-	-	-	91
In more than two years but not more than five years	-	-	-	-	-	-
In more than five years	-	-	-	597	-	597
	<u>-</u>	<u>106</u>	<u>-</u>	<u>707</u>	<u>-</u>	<u>813</u>
Less, issue costs					-	-
					<u>-</u>	<u>813</u>
Less included in creditors amounts falling due within one year					-	(125)
					<u>-</u>	<u>688</u>

The bank and venture capital loans in the prior period were settled as part of the Albany Molecular Research Incorporated acquisition of the company on the 17 February 2010.

Notes (continued)

15 Deferred income

	Group		Company	
	30 November 2010 £000	31 May 2009 £000	30 November 2010 £000	31 May 2009 £000
Government grants b/wd	91	201	-	-
Received during the year	-	7	-	-
Released during the year	(91)	(117)	-	-
At 30 November 2010	-	91	-	-

16 Called up share capital

	30 November 2010 No.	31 May 2009 No	30 November 2010 £000	31 May 2009 £000
<i>Allotted, called up and fully paid</i>				
Ordinary 'A' shares of £0 10 each	11,422,170	9,022,170	1,142	902
Ordinary 'B' shares of £0 10 each	-	2,400,000	-	240

As part of the acquisition by Albany Molecular Research Incorporated on the 17 February 2010 the 2,400,000 'B' ordinary shares were re-designated into 2,400,000 ordinary shares

17 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 May 2008	1,142	349	-	(5,888)	(4,397)
Profit for the year	-	-	-	1,483	1,483
At 31 May 2009	1,142	349	-	(4,405)	(2,914)
Capital contribution	-	-	6,271	-	6,271
Loss for the period	-	-	-	(3,840)	(3,840)
At 30 November 2010	1,142	349	6,271	(8,245)	(483)

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



**Notes (continued)**

**17 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 May 2008	1,142	349	(3,397)	(1,906)
Loss for the year	-	-	866	866
At 31 May 2009	1,142	349	(2,531)	(1,040)
Profit for the year	-	-	(292)	(292)
At 30 November 2010	1,142	349	(2,823)	(1,332)

**18 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 £12,108 at 30 November 2010 (year ended 31 May 2009 £18,686)

**19 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 £000	31 May 2009 £000	30 November 2010 £000	31 May 2009 £000
Operating leases which expire				
Within one year	-	-	-	-
Within 2-5 years	-	-	7	7
Over 5 years	-	235	-	-
At 30 November 2010	-	235	7	7

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 group has £82,868 authorised capital commitments at the period end (2009, £nil)

**20 Related party transactions**

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

**Notes** *(continued)*

**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