

CAMBREX CORP  
Form 8-K  
November 02, 2006

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): October 27, 2006**

**CAMBREX CORPORATION**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation or organization)

1-10638

22-2476135

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

**ONE MEADOWLANDS PLAZA, EAST RUTHERFORD, NEW JERSEY 07073**

(Address of principal executive offices)

(201) 804-3000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting materials pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2b under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**CAMBREX CORPORATION**  
**FORM 8-K**  
**CURRENT REPORT**  
**OCTOBER 27, 2006**

**Item 2.01 Completion of Acquisition or Disposition of Assets**

On October 27, 2006 Cambrex Corporation and Subsidiaries ( Cambrex or the Company ) completed the sale of two non-strategic facilities within its Human Health segment to a holding company controlled by International Chemical Investors II S.A. ( ICIG ) of Luxembourg. The facilities, which are located in Cork, Ireland ( Cork ) and Landen, Belgium ( Landen ), manufacture small molecule active pharmaceutical ingredients and advanced intermediates. The Company received nominal consideration.

**Item 2.06 Material Impairments**

Cambrex recorded a goodwill impairment charge of \$2,092 during the third quarter of 2006 for Landen. This charge removed the remainder of the goodwill for Landen and resulted from lower cash flow projections to compute the implied fair value of goodwill as a result of current market conditions.

**Item 8.01 Other Events.**

On October 30, 2006, the Company issued a press release announcing the completion of the sale of Cork and Landen. A copy of the press release is attached as exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits**

(b) Pro forma financial information.

Unaudited Pro forma Consolidated Income Statements for the six months ended June 30, 2006 and 2005.

Unaudited Pro forma Consolidated Income Statements for the years ended December 31, 2005, 2004 and 2003.

Unaudited Pro forma Consolidated Balance Sheet as of June 30, 2006.

(c) Exhibits.

99.1 Press release dated October 30, 2006.

**Basis of Presentation**

The following unaudited pro forma consolidated financial statements give effect to the divestiture of the Cork and Landen facilities to be accounted for as a discontinued operation in accordance with FAS 144. These unaudited pro forma consolidated financial statements have been prepared from, and should be read in conjunction with, the historical consolidated financial statements and notes thereto of Cambrex Corporation, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006.

The unaudited pro forma consolidated income statements give effect to the divestiture as if it had occurred on January 1, 2003. The unaudited pro forma balance sheet assumes the divestiture had occurred on June 30, 2006.

The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred had the divestiture been consummated at the dates indicated, nor is it necessarily indicative of future operating results or financial position of the Company.

**Cambrex Corporation**  
**Consolidated Income Statement Pro forma**  
**For the Six Months Ended June 30, 2006**  
**(Unaudited)**

|  | <b>Cambrex<br/>As<br/>Reported<br/>(1)</b> | <b>Pro forma<br/>Adjustments<br/>(3)</b> | <b>Other<br/>Adjustments</b> | <b>Pro<br/>forma<br/>Reported</b> |
|--|--|--|------------------------------|-----------------------------------|
| Gross sales  | 243,184                                    | (19,805)                                 |                              | 223,379                           |
| Commissions & freight  | 1,173                                      | (260)                                    |                              | 913                               |
| Net Sales  | 242,011                                    | (19,545)                                 |                              | 222,466                           |
| Other revenue  | 2,145                                      | 44                                       |                              | 2,189                             |
| <b>Net revenue</b>   | <b>244,156</b>                             | <b>(19,501)</b>                          |                              | <b>224,655</b>                    |
| Cost of goods sold   | 156,463                                    | (16,852)                                 |                              | 139,611                           |
| <b>Gross profit</b>  | <b>87,693</b>                              | <b>(2,649)</b>                           |                              | <b>85,044</b>                     |
| Operating expenses:  |  |  |                              |                                   |
| Selling, general and administrative                                      | 57,305                                     | (2,437)                                  | 366 (4)                      | 55,234                            |
| Research and development   | 11,493                                     | (436)                                    |                              | 11,057                            |
| Total operating expenses   | 68,798                                     | (2,873)                                  | 366                          | 66,291                            |
| <b>Operating profit</b>  | <b>18,895</b>                              | <b>224</b>                               | <b>(366)</b>                 | <b>18,753</b>                     |
| Other expenses:  |  |  |                              |                                   |
| Interest expense, net  | 9,648                                      | (38)                                     |                              | 9,610                             |
| Other expense, net   | 116  |  |                              | 116                               |
| <b>Income from continuing operations before taxes</b>                    | <b>9,131</b>                               | <b>262</b>                               | <b>(366)</b>                 | <b>9,027</b>                      |
| Income taxes   | 9,332                                      | 340                                      |                              | 9,672                             |
| <b>Loss before cumulative effect of a change in accounting principle</b> | <b>(201)</b>                               | <b>(78)</b>                              | <b>(366)</b>                 | <b>(645)</b>                      |
| <b>Weighted average shares outstanding (basic)</b>                       | <b>26,701</b>                              |  |                              | <b>26,701</b>                     |
| Loss before cumulative effect of a change in accounting principle        | (0.01)                                     |  |                              | (0.02)                            |
| <b>Weighted average shares outstanding (diluted)</b>                     | <b>26,701</b>                              |  |                              | <b>26,701</b>                     |

|  |        |        |
|--|--------|--------|
| Loss before cumulative effect of a change in<br>accounting principle                 | (0.01) | (0.02) |
| See accompanying notes to the unaudited pro forma consolidated financial statements. |        |        |
| 3  |        |        |

---

**Cambrex Corporation**  
**Consolidated Income Statement Pro forma**  
**For the Six Months Ended June 30, 2005**  
**(Unaudited)**

|  | <b>Cambrex<br/>As<br/>Reported<br/>(1)</b> | <b>Pro forma<br/>Adjustments<br/>(3)</b> | <b>Other<br/>Adjustments</b> | <b>Pro<br/>forma<br/>Reported</b> |
|--|--|--|------------------------------|-----------------------------------|
| Gross sales  | 226,633                                    | (20,663)                                 |                              | 205,970                           |
| Commissions & freight  | 2,665                                      | (371)                                    |                              | 2,294                             |
| Net Sales  | 223,968                                    | (20,292)                                 |                              | 203,676                           |
| Other revenue  | 4,711                                      | (218)                                    |                              | 4,493                             |
| <b>Net revenue</b>   | <b>228,679</b>                             | <b>(20,510)</b>                          |                              | <b>208,169</b>                    |
| Cost of goods sold   | 145,147                                    | (19,515)                                 |                              | 125,632                           |
| <b>Gross profit</b>  | <b>83,532</b>                              | <b>(995)</b>                             |                              | <b>82,537</b>                     |
| Operating expenses:  |  |  |                              |                                   |
| Selling, general and administrative  | 51,815                                     | (2,552)                                  | 357(4)                       | 49,620                            |
| Research and development   | 11,739                                     | (451)                                    |                              | 11,288                            |
| Total operating expenses   | 63,554                                     | (3,003)                                  | 357                          | 60,908                            |
| <b>Operating profit</b>  | <b>19,978</b>                              | <b>2,008</b>                             | <b>(357)</b>                 | <b>21,629</b>                     |
| Other expenses:  |  |  |                              |                                   |
| Interest expense, net  | 5,481                                      | (19)                                     |                              | 5,462                             |
| Other expense, net   | 97   | 2  |                              | 99                                |
| <b>Income from continuing operations before taxes</b>                      | <b>14,400</b>                              | <b>2,025</b>                             | <b>(357)</b>                 | <b>16,068</b>                     |
| Income taxes   | 3,230                                      | 335                                      |                              | 3,565                             |
| <b>Income before cumulative effect of a change in accounting principle</b> | <b>11,170</b>                              | <b>1,690</b>                             | <b>(357)</b>                 | <b>12,503</b>                     |
| <b>Weighted average shares outstanding (basic)</b>                         | <b>26,373</b>                              |  |                              | <b>26,373</b>                     |
| Income before cumulative effect of a change in accounting principle        | 0.42                                       |  |                              | 0.47                              |
| <b>Weighted average shares outstanding (diluted)</b>                       | <b>26,549</b>                              |  |                              | <b>26,549</b>                     |
|  | 0.42                                       |  |                              | 0.47                              |

Income before cumulative effect of a change in  
accounting principle

See accompanying notes to the unaudited pro forma consolidated financial statements.

4

---



**Cambrex Corporation**  
**Consolidated Income Statement Pro forma**  
**For the Year Ended December 31, 2005**  
**(Unaudited)**

|  | <b>Cambrex<br/>As<br/>Reported</b> | <b>Pro forma<br/>Adjustments</b> | <b>Other<br/>Adjustments</b> | <b>Pro<br/>forma<br/>Reported</b> |
|--|------------------------------------|----------------------------------|------------------------------|-----------------------------------|
|  | (2)                                | (3)                              |                              |                                   |
| Gross sales  | 451,986                            | (37,225)                         |                              | 414,761                           |
| Commissions & freight                                    | 3,437                              | (787)                            |                              | 2,650                             |
| Net Sales  | 448,549                            | (36,438)                         |                              | 412,111                           |
| Other revenue  | 6,548                              | (189)                            |                              | 6,359                             |
| <b>Net revenue</b>                                       | <b>455,097</b>                     | <b>(36,627)</b>                  |                              | <b>418,470</b>                    |
| Cost of goods sold                                       | 293,760                            | (35,705)                         |                              | 258,055                           |
| <b>Gross profit</b>                                      | <b>161,337</b>                     | <b>(922)</b>                     |                              | <b>160,415</b>                    |
| Operating expenses:                                      |                                    |                                  |                              |                                   |
| Selling, general and administrative                      | 107,610                            | (5,066)                          | 714(4)                       | 103,258                           |
| Research and development                                 | 22,331                             | (861)                            |                              | 21,470                            |
| Asset impairments  | 107,177                            | (24,794)                         |                              | 82,383                            |
| Total operating expenses                                 | 237,118                            | (30,721)                         | 714                          | 207,111                           |
| <b>Operating profit</b>                                  | <b>(75,781)</b>                    | <b>29,799</b>                    | <b>(714)</b>                 | <b>(46,696)</b>                   |
| Other expenses:  |                                    |                                  |                              |                                   |
| Interest expense, net                                    | 10,815                             | (14)                             |                              | 10,801                            |
| Other expense, net                                       | 40                                 | 3                                |                              | 43                                |
| <b>Loss before taxes</b>                                 | <b>(86,636)</b>                    | <b>29,810</b>                    | <b>(714)</b>                 | <b>(57,540)</b>                   |
| Income taxes   | 23,822                             | 2,591                            |                              | 26,413                            |
| <b>Net loss</b>  | <b>(110,458)</b>                   | <b>27,219</b>                    | <b>(714)</b>                 | <b>(83,953)</b>                   |
| <b>Weighted average shares outstanding<br/>(basic)</b>   | <b>26,456</b>                      |                                  |                              | <b>26,456</b>                     |
| Net loss   | (4.18)                             |                                  |                              | (3.17)                            |
| <b>Weighted average shares outstanding<br/>(diluted)</b> | <b>26,456</b>                      |                                  |                              | <b>26,456</b>                     |
| Net loss   | (4.18)                             |                                  |                              | (3.17)                            |

See accompanying notes to the unaudited pro forma consolidated financial statements.



**Cambrex Corporation**  
**Consolidated Income Statement Pro forma**  
**For the Year Ended December 31, 2004**  
**(Unaudited)**

|  | <b>Cambrex<br/>As<br/>Reported</b> | <b>Pro forma<br/>Adjustments</b> | <b>Other<br/>Adjustments</b> | <b>Pro<br/>forma<br/>Reported</b> |
|--|------------------------------------|----------------------------------|------------------------------|-----------------------------------|
|  | (2)                                | (3)                              |                              |                                   |
| Gross sales  | 439,115                            | (43,209)                         |                              | 395,906                           |
| Commissions & freight                                | 2,258                              | (701)                            |                              | 1,557                             |
| Net Sales  | 436,857                            | (42,508)                         |                              | 394,349                           |
| Other revenue  | 6,800                              | (21)                             |                              | 6,779                             |
| <b>Net revenue</b>                                   | <b>443,657</b>                     | <b>(42,529)</b>                  |                              | <b>401,128</b>                    |
| Cost of goods sold                                   | 272,917                            | (35,694)                         |                              | 237,223                           |
| <b>Gross profit</b>                                  | <b>170,740</b>                     | <b>(6,835)</b>                   |                              | <b>163,905</b>                    |
| Operating expenses:                                  |                                    |                                  |                              |                                   |
| Selling, general and administrative                  | 102,769                            | (5,634)                          | 640(4)                       | 97,775                            |
| Research and development                             | 19,659                             | (900)                            |                              | 18,759                            |
| Asset impairments                                    | 48,720                             |                                  |                              | 48,720                            |
| Total operating expenses                             | 171,148                            | (6,534)                          | 640                          | 165,254                           |
| <b>Operating profit</b>                              | <b>(408)</b>                       | <b>(301)</b>                     | <b>(640)</b>                 | <b>(1,349)</b>                    |
| Other expenses:                                      |                                    |                                  |                              |                                   |
| Interest expense, net                                | 10,950                             | (277)                            |                              | 10,673                            |
| Other expense, net                                   | 73                                 | 39                               |                              | 112                               |
| <b>Loss from continuing operations before taxes</b>  | <b>(11,431)</b>                    | <b>(63)</b>                      | <b>(640)</b>                 | <b>(12,134)</b>                   |
| Income taxes   | 14,461                             | 152                              |                              | 14,613                            |
| <b>Loss from continuing operations</b>               | <b>(25,892)</b>                    | <b>(215)</b>                     | <b>(640)</b>                 | <b>(26,747)</b>                   |
| <b>Weighted average shares outstanding (basic)</b>   | <b>26,094</b>                      |                                  |                              | <b>26,094</b>                     |
| Loss from continuing operations                      | (0.99)                             |                                  |                              | (1.03)                            |
| <b>Weighted average shares outstanding (diluted)</b> | <b>26,094</b>                      |                                  |                              | <b>26,094</b>                     |

|                                 |        |        |
|---------------------------------|--------|--------|
| Loss from continuing operations | (0.99) | (1.03) |
|---------------------------------|--------|--------|

See accompanying notes to the unaudited pro forma consolidated financial statements.

---

**Cambrex Corporation**  
**Consolidated Income Statement Pro forma**  
**For the Period Ended December 31, 2003**  
**(Unaudited)**

|   | <b>Cambrex<br/>As<br/>Reported<br/>(2)</b> | <b>Pro forma<br/>Adjustments<br/>(3)</b> | <b>Other<br/>Adjustments</b> | <b>Pro<br/>forma<br/>Reported</b> |
|---|--|--|------------------------------|-----------------------------------|
| Gross sales   | 405,591                                    | (38,700)                                 |                              | 366,891                           |
| Commissions & freight                                 | 3,780                                      | (732)                                    |                              | 3,048                             |
| Net Sales   | 401,811                                    | (37,968)                                 |                              | 363,843                           |
| Other revenue   | 8,833                                      | 56                                       |                              | 8,889                             |
| <b>Net revenue</b>                                    | <b>410,644</b>                             | <b>(37,912)</b>                          |                              | <b>372,732</b>                    |
| Cost of goods sold                                    | 248,238                                    | (30,848)                                 |                              | 217,390                           |
| <b>Gross profit</b>                                   | <b>162,406</b>                             | <b>(7,064)</b>                           |                              | <b>155,342</b>                    |
| Operating expenses:                                   |  |  |                              |                                   |
| Selling, general and administrative                   | 95,117                                     | (3,755)                                  | 643 (4)                      | 92,005                            |
| Research and development                              | 17,123                                     | (876)                                    |                              | 16,247                            |
| Legal settlement                                      | 11,342                                     |  |                              | 11,342                            |
| Total operating expenses                              | 123,582                                    | (4,631)                                  | 643                          | 119,594                           |
| <b>Operating profit</b>                               | <b>38,824</b>                              | <b>(2,433)</b>                           | <b>(643)</b>                 | <b>35,748</b>                     |
| Other expenses:                                       |  |  |                              |                                   |
| Interest expense, net                                 | 11,840                                     | (197)                                    |                              | 11,643                            |
| Other expense, net                                    | 139  | (27)                                     |                              | 112                               |
| <b>Income from continuing operations before taxes</b> | <b>26,845</b>                              | <b>(2,209)</b>                           | <b>(643)</b>                 | <b>23,993</b>                     |
| Income taxes  | 26,600                                     | (571)                                    |                              | 26,029                            |
| <b>Income/(loss) from continuing operations</b>       | <b>245</b>                                 | <b>(1,638)</b>                           | <b>(643)</b>                 | <b>(2,036)</b>                    |
| <b>Weighted average shares outstanding (basic)</b>    | <b>25,775</b>                              |  |                              | <b>25,775</b>                     |
| Income/(loss) from continuing operations              | 0.01                                       |  |                              | (0.08)                            |
|   | 26,174                                     |  |                              | 26,174                            |

**Weighted average shares outstanding  
(diluted)**

|  |      |        |
|--|------|--------|
| Income/(loss) from continuing operations   | 0.01 | (0.08) |
| See accompanying notes to the unaudited pro forma consolidated financial statements. |      |        |
| 7  |      |        |

---

**Cambrex Corporation**  
**Consolidated Balance Sheet Pro forma**  
**As of June 30, 2006**  
**(Unaudited)**

|  | <b>Cambrex<br/>As<br/>Reported<br/>(1)</b> | <b>Pro forma<br/>Adjustments<br/>(3)</b> | <b>Other<br/>Adjustments</b> | <b>Pro forma<br/>June 30,<br/>2006</b> |
|--|--|--|------------------------------|--|
| <b>Current assets</b>                                    |  |  |                              |  |
| Cash and cash equivalents                                | 30,283                                     | (2,631)                                  | 1,995(5)                     | 29,647                                 |
| Trade receivables, net                                   | 74,314                                     | (5,493)                                  |                              | 68,821                                 |
| Inventories, net   | 110,452                                    | (15,565)                                 |                              | 94,887                                 |
| Other current assets                                     | 15,746                                     | (607)                                    |                              | 15,139                                 |
| <b>Total current assets</b>                              | <b>230,795</b>                             | <b>(24,296)</b>                          | <b>1,995</b>                 | <b>208,494</b>                         |
| Property, plant and equipment, net                       | 240,052                                    | (28,604)                                 |                              | 211,448                                |
| Goodwill   | 98,963                                     | (2,090)                                  |                              | 96,873                                 |
| Other intangibles, net                                   | 50,800                                     |  |                              | 50,800                                 |
| Other assets   | 5,469                                      |  |                              | 5,469                                  |
| <b>Total assets</b>                                      | <b>626,079</b>                             | <b>(54,990)</b>                          | <b>1,995</b>                 | <b>573,084</b>                         |
| <b>Current liabilities</b>                               |  |  |                              |  |
| Trade accounts payable                                   | 37,790                                     | (4,594)                                  | 711(6)                       | 33,907                                 |
| Accrued liabilities                                      | 49,567                                     | (4,875)                                  | 800(7)                       | 45,492                                 |
| Short-term debt and current portion of<br>long-term debt | 1,782                                      |  |                              | 1,782                                  |
| <b>Total current liabilities</b>                         | <b>89,139</b>                              | <b>(9,469)</b>                           | <b>1,511</b>                 | <b>81,181</b>                          |
| Long-term debt   | 186,020                                    |  |                              | 186,020                                |
| Deferred tax liabilities                                 | 29,160                                     | (1,205)                                  |                              | 27,955                                 |
| Other liabilities  | 63,537                                     | (6,800)                                  | 1,368(6)                     | 58,105                                 |
| <b>Total liabilities</b>                                 | <b>367,856</b>                             | <b>(17,474)</b>                          | <b>2,879</b>                 | <b>353,261</b>                         |
| Common stock   | 2,920                                      |  |                              | 2,920                                  |
| Paid in capital  | 220,738                                    |  |                              | 220,738                                |
| Retained earnings  | 60,137                                     |  | (39,142)(8)                  | 20,995                                 |
| Treasury stock   | (20,943)                                   |  |                              | (20,943)                               |
| Accumulated other comprehensive income                   | (4,629)                                    | 742(9)                                   |                              | (3,887)                                |
| <b>Stockholders equity</b>                               | <b>258,223</b>                             | <b>742</b>                               | <b>(39,142)</b>              | <b>219,823</b>                         |

|  |                |                 |                 |                |
|--|----------------|-----------------|-----------------|----------------|
| <b>Total liabilities and stockholders equity</b> | <b>626,079</b> | <b>(16,732)</b> | <b>(36,263)</b> | <b>573,084</b> |
|--|----------------|-----------------|-----------------|----------------|

See accompanying notes to the unaudited pro forma consolidated financial statements.

8

---



**Cambrex Corporation**  
**Notes to Pro forma Consolidated Financial Statements**  
**(Unaudited)**

- (1) Reflects financial position and results of Cambrex as filed in the Company's Form 10-Q filed on August 8, 2006 for the period ended June 30, 2006.
- (2) Reflects results of Cambrex as filed in the Company's Form 10-K filed on May 26, 2006 for the years ended December 31, 2005, 2004 and 2003.
- (3) Reflects the results of Cork and Landen included in the financial statements of Cambrex (Cambrex As Reported columns) for all periods presented in this Form 8-K.
- (4) Reflects corporate allocations originally charged to Cork and Landen that would remain an expense of Cambrex upon divestiture.
- (5) Reflects the portion of Cork and Landen's cash that was excluded from the sale.
- (6) Reflects a legal liability retained by Cambrex.
- (7) Estimated transaction costs.
- (8) Reflects the loss on the sale of Cork and Landen had the transaction occurred on June 30, 2006.
- (9) Reflects the Cumulative Translation Adjustment recorded on Cork and Landen's books that will be realized (-\$2,114) and Cork's additional minimum pension liability transferred to ICIG (\$2,856).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAMBREX CORPORATION

By /s/ Luke M. Beshar

Luke M. Beshar  
Executive Vice President and  
Chief Financial Officer  
(On behalf of the Registrant and  
as the Registrant's Principal  
Financial Officer)

Dated: November 2, 2006