CAMBREX CORP
Form 10-Q
May 09, 2007

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended March 31, 2007

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission file number 1-10638

CAMBREX CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	22-2476135
(State or other jurisdiction of incorporation or organization)	(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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]. No [ ].

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer"in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ]. No [X].

As of April 30, 2007, there were 28,669,061 shares outstanding of the registrant's Common Stock, $.10 par value.

CAMBREX CORPORATION AND SUBSIDIARIES

FORM 10-Q

For The Quarter Ended March 31, 2007
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Part I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except share data)

	MARCH 31, 2007	DECEMBE 200
ASSETS		
Current assets:		
Cash and cash equivalents	$344,915	$ 33,
Trade receivables, net	35,311	38,
Inventories, net	56,193	53,
Assets of discontinued operations	--	79,
Prepaid expenses and other current assets	20,289	19,
Total current assets	456,708	224,
Property, plant and equipment, net	141,933	141,
Goodwill	32,860	32,
Assets of discontinued operations	--	202,
Other assets	3,132	4,
Total assets	$634,633	$606,
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 24,722	$ 28,
Accrued expense and other current liabilities	63,329	45,
Liabilities of discontinued operations	--	33,
Total current liabilities	88,051	107,
Long-term debt	--	158,
Deferred income tax	22,037	14,
Liabilities of discontinued operations	--	24,
Accrued pension and postretirement benefits	39,255	39,
Other non-current liabilities	16,113	15,
Total liabilities	165,456	359,
Stockholders' equity:		
Common stock, $.10 par value; authorized 100,000,000, issued 30,913,540 and 30,145,319 shares at respective dates	3,091	3,
Additional paid-in capital	259,064	241,
Retained earnings	233,243	28,
Treasury stock, at cost, 2,445,334 and 2,446,097 shares at respective dates	(20,825)	(20,
Accumulated other comprehensive loss	(5,396)	(5,
Total stockholders' equity	469,177	246,
Total liabilities and stockholders' equity	$634,633	$606,

See accompanying notes to unaudited consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per-share data)

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
Gross sales	$ 64,997	$54,120
Allowances and rebates	590	386
Net sales	64,407	53,734
Other revenues	807	(647)
Net revenues	65,214	53,087
Cost of goods sold	40,819	34,002
Gross profit	24,395	19,085
Operating expenses:		
Selling, general and administrative expenses	15,347	12,490
Research and development expenses	2,600	2,362
Restructuring expenses	1,682	--
Strategic alternative costs	23,130	988
Total operating expenses	42,759	15,840
Operating (loss)/profit	(18,364)	3,245
Other (income)/expenses:		
Interest (income)/expense, net	(1,539)	5,444
Other (income)/expenses, net	(19)	5
Loss before income taxes	(16,806)	(2,204)
(Benefit)/provision for income taxes	(2,363)	2,500
Loss from continuing operations	$(14,443)	$(4,704)
Income from discontinued operations, net of tax	219,659	3,527
Income/(loss) before cumulative effect of a change in accounting principle	205,216	(1,177)
Cumulative effect of a change in accounting principle	--	(228)
Net income/(loss)	$205,216	$(1,405)
Basic earnings per share:		
Loss from continuing operations	$ (0.51)	$ (0.18)
Income from discontinued operations, net of tax	7.82	0.14
Cumulative effect of a change in accounting principle	--	(0.01)
Net income/(loss)	$ 7.31	$ (0.05)
Diluted earnings per share:		
Loss from continuing operations	$ (0.51)	$ (0.18)
Income from discontinued operations, net of tax	7.82	0.14
Cumulative effect of a change in accounting principle	--	(0.01)
Net income/(loss)	$ 7.31	$ (0.05)
Weighted average shares outstanding:		
Basic	28,071	26,661
Effect of dilutive stock based compensation	--	--
Diluted	28,071	26,661
Cash dividends paid per share	$ 0.03	$ 0.03

See accompanying notes to unaudited consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
Cash flows from operating activities:		
Net income/(loss)	$ 205,216	$ (1,405)
Adjustments to reconcile net income/(loss) to cash flows:		
Cumulative effect of a change in accounting principle	--	228
Depreciation and amortization	4,894	4,757
Write-off of debt origination fees	841	463
Strategic alternative and restructuring charges	18,797	--
Stock based compensation included in net income/(loss)	1,819	377
Deferred income tax provision	8,116	--
Allowance for doubtful accounts	53	10
Inventory reserve	1,625	(36)
Loss on sale of assets	175	140
Changes in assets and liabilities:		
Receivables	3,095	4,899
Inventories	(4,017)	(6,340)
Prepaid expenses and other current assets	(960)	3,173
Accounts payable and other current liabilities	(4,174)	2,609
Other non-current assets and liabilities	1,176	1,055
Discontinued operations:		
Gain on sale of businesses	(232,116)	--
Changes in operating assets and liabilities	(4,886)	(9,808)
Other non-cash charges	1,359	5,811
Net cash provided by operating activities	1,013	5,933
Cash flows from investing activities:		
Capital expenditures	(5,478)	(4,290)
Other investing activities	(15)	--
Discontinued operations:		
Capital expenditures	(530)	(4,209)
Proceeds from sale of business	460,000	--
Acquired in-process research and development	--	(1,338)
Other investing activities	11	(41)
Net cash provided by/(used) in investing activities	453,988	(9,878)
Cash flows from financing activities:		
Dividends	(833)	(801)
Net (decrease)/increase in short-term debt	(140)	457
Long-term debt activity (including current portion):		
Borrowings	24,279	127,200
Repayments	(182,725)	(146,619)

Proceeds from stock options exercised	15,962	1,003
Other financing activities	(59)	(1)
Discontinued operations:		
Debt repayments	(254)	(366)
Net cash used in financing activities	(143,770)	(19,127)
Effect of exchange rate changes on cash and cash equivalents	(62)	806
Net increase/(decrease) in cash and cash equivalents	311,169	(22,266)
Cash and cash equivalents at beginning of period	33,746	45,342
Cash and cash equivalents at end of period	$ 344,915	$ 23,076

See accompanying notes to unaudited consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share data)

(1) BASIS OF PRESENTATION

Unless otherwise indicated by the context, "Cambrex" or the "Company" means Cambrex Corporation and subsidiaries.

The accompanying unaudited consolidated financial statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments, which are of a normal and recurring nature, except as otherwise described herein, and is necessary for a fair statement of financial position and results of operations in conformity with generally accepted accounting principles ("GAAP"). These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2006.

The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

In October, 2006, the Company sold two businesses within the Human Health segment for nominal consideration. As a result of this transaction, the Company reported a non-cash charge of $23,244 in the fourth quarter of 2006, and all periods presented reflect the results of these businesses as discontinued operations.

In February 2007, the Company completed the sale of the businesses that comprise the Bioproducts and Biopharma segments (excluding certain liabilities) to Lonza Group AG for total cash consideration of $460,000. As a result of this transaction, the Company reported a gain of $232,116, subject to working capital and other adjustments, and all periods presented reflect the results of these businesses as discontinued operations. Refer to Note 13 for a complete discussion on discontinued operations.

(2) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting for Uncertainty in Income Taxes

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109 ("FIN 48") effective January 1, 2007. This interpretation clarified the accounting for uncertainty in income tax positions and required the Company to recognize in the consolidated financial statements the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. The effect of adopting this interpretation was not material. Refer to Note 5 for further discussion.

Accounting for Planned Major Maintenance Activities

The Company adopted FASB Staff Position ("FSP") No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities" effective January 1, 2007. This FSP amended certain provisions of APB Opinion No. 28 "Interim Financial Reporting". This FSP prohibited the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim reporting periods. The adoption of this FSP had an immaterial impact on the Company's financial position and results of operations.

(3) STOCK-BASED COMPENSATION

The Company adopted FAS 123(R) "Share-Based Payment," effective January 1, 2006 using the modified prospective transition method. Prior to January 1, 2006, the company accounted for those plans under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees. The first quarter of 2006 does not include compensation cost for options granted prior to January 1, 2006 as all options outstanding prior to January 1, 2006 were fully vested as of December 31, 2005. On March 31, 2007, the Company had seven active stock-based employee compensation plans in effect. All stock options granted during 2006 vest 25% per year over four years and have a term of seven years except for those options effected by the restructuring and strategic alternative activity as described in Note 8. The Company also had outstanding at March 31, 2007 restricted stock as described below.

Beginning January 1, 2006, the Company began recognizing compensation costs for stock option awards to employees based on their grant-date fair value. The value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model. There were no stock options granted to employees during the quarter ended March 31, 2007. The weighted-average fair value per share for the stock options granted to employees during the quarter ended March 31, 2006 was $8.15.

Stock option values were estimated using a 0.55% to 0.56% dividend yield, expected volatility of 36.49% to 38.28% and a risk-free interest rate of 4.42% to 4.96%. The Company's stock options are not publicly traded; therefore, expected volatilities are based on historical volatility of the Company's stock. The risk-free interest rate is based on the yield of a zero-coupon U.S. Treasury bond whose maturity period approximates the option's expected term. The expected term of 4.75 years was utilized based on the "simplified" method for determining the expected term of stock options in Staff Accounting Bulletin No. 107,

"Share-Based Payment." Assumptions used in estimating the fair value of stock options granted in the first quarter of 2006 are consistent with the assumptions used prior to the adoption of FAS 123(R) with the exception of the expected life. As a result of using the "simplified" method, the expected life was shortened by 1.25 years.

FAS 123(R) requires companies to estimate the expected forfeitures for all unvested awards and record compensation costs only for those awards that are expected to vest. As of March 31, 2007, the total compensation cost related to unvested stock option awards granted to employees but not yet recognized was $689. The cost will be amortized on a straight-line basis over the remaining weighted-average vesting period of 2.5 years.

For the quarters ended March 31, 2007 and 2006, the Company recorded $73 and $0 respectively in selling, general and administrative expenses for stock options. In addition, the Company recorded $185 and $17 in strategic alternative costs and restructuring expenses, respectively, in the first of quarter 2007.

Cambrex senior executives participate in a long-term incentive plan which rewards achievement of long-term strategic goals with restricted stock units. Awards are made annually to key executives and vest in one-third increments on the first, second and third anniversaries of the grant. On the third anniversary of the grant, restrictions on sale or transfer are removed and shares are issued to executives. In the event of termination of employment or retirement, the participant is entitled to the vested portion of the restricted stock units and forfeits the remaining amount; the three-year sale and transfer restriction remains in place. For certain employees with employment contracts, all shares vest upon certain events, including a change in control as defined in those contracts. In the event of death or permanent disability, all shares vest and the deferred sales restriction lapses. These awards are classified as equity awards as defined in FAS 123(R). Historically, only senior executives participated in this plan. As of January 1, 2006, certain other employees are eligible to

(3) STOCK-BASED COMPENSATION (CONTINUED)

receive restricted stock as part of a redesigned stock-based compensation plan. These awards cliff vest on the third anniversary of the grant date. For the quarters ended March 31, 2007 and 2006, the Company recorded $171 and $159, respectively, in selling, general and administrative expenses for restricted stock. In addition, the Company recorded $1,303 and $70 in strategic alternative costs and restructuring expenses, respectively, in the first quarter of 2007, primarily for the acceleration of vesting related to restricted stock per the terms of the executive change in control agreements. As of March 31, 2007 the total compensation cost related to unvested restricted stock granted but not yet recognized was $1,475. The cost will be amortized on a straight-line basis over the remaining weighted-average vesting period of 1.8 years.

At March 31, 2006, the Company had outstanding 150,000 fully-vested cash-settled incentive SARs at a price of $19.30. These SARs were classified as liability awards and, as such, were recorded at fair value until the rights were exercised during the fourth quarter of 2006. As of March 31, 2007 the Company did not have any SARs outstanding. For the quarter ended March 31, 2006 the

Company recorded $218 in compensation expense. Under FAS 123(R), the Company is required to measure the SARs at fair market value. Prior to adopting FAS 123(R), the SARs were measured at the intrinsic value. In addition, during the first quarter of 2006, the Company recorded $228 in compensation expense as a cumulative effect of a change in accounting principle in accordance with FAS 123(R).

The following table is a summary of the Company's stock option activity issued to employees and related information:

OPTIONS	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at January 1, 2007	2,754,893	$28.48
Granted	--	--
Exercised	(792,221)	$21.34
Forfeited or expired	(182,085)	$23.55
Outstanding at March 31, 2007	1,780,587	$32.16
Exercisable at March 31, 2007	1,666,595	$32.90

The aggregate intrinsic value for all stock options exercised for the first quarters of 2007 and 2006 were $1,596 and $435, respectively. The aggregate intrinsic value for all stock options outstanding as of March 31, 2007 was $1,496. The aggregate intrinsic value for all stock options exercisable as of March 31, 2007 was $1,131.

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(3) STOCK-BASED COMPENSATION (CONTINUED)

A summary of the Company's nonvested stock options as of March 31, 2007 and changes during the three months ended March 31, 2007, are presented below:

NONVESTED STOCK OPTIONS	NUMBER OF SHARES	WEIGHTED-AVERAGE GRANT-DATE FAIR VALUE
Nonvested at January 1, 2007	236,952	$21.39
Granted	--	--
Vested during period	(59,463)	$21.39
Forfeited	(63,497)	$21.39
Nonvested at March 31, 2007	113,992	$21.39

(dollars in thousands, except share data)

A summary of the Company's nonvested restricted stock as of March 31, 2007 and changes during the three months ended March 31, 2007 is presented below:

Nonvested Restricted Stock	NUMBER OF SHARES	WEIGHTED-AVERAGE GRANT-DATE FAIR VALUE
Nonvested at January 1, 2007	165,868	$22.02
Granted	53,129	$21.69
Vested during period	(51,002)	$22.74
Forfeited	(28,922)	$21.43
Nonvested at March 31, 2007	139,073	$21.75

(4) GOODWILL

The change in the carrying amount of goodwill for the three months ended March 31, 2007, is as follows:

	Human Health Segment
Balance as of January 1, 2007	$32,573
Translation effect	287
Balance as of March 31, 2007	$32,860

(5) INCOME TAXES

The Company recorded a tax benefit of $2,363 in the first quarter of 2007 compared to tax expense of $2,500 in the first quarter of 2006. This change is due to the geographic mix of pre-tax earnings, as well as the recognition of a tax benefit in continuing operations as a result of the sale of the Bioproducts and Biopharma segments in the first quarter of 2007.

(5) INCOME TAXES (CONTINUED)

The Company maintains a full valuation allowance against its domestic, and certain foreign, net deferred tax assets and will continue to do so until an appropriate level of profitability is sustained or tax strategies can be developed that would enable the Company to conclude that it is more likely than

not that a portion of these net deferred assets would be realized. As such, improvements in domestic, and certain foreign, pre-tax income in the future may result in these tax benefits ultimately being realized. However, there is no assurance that such improvements will be achieved.

The Company has adopted the provisions of FIN 48 effective January 1, 2007.

As of January 1, 2007 the Company had reserves of approximately $2,024 for uncertain tax positions. These were accounted for in the Company's non-current liabilities and includes estimated cumulative interest and penalties of $414. The Company also had unrecognized tax benefits of $2,000 for certain tax attributes which had full valuation allowances. The net effect of this is a decrease to the gross deferred tax assets and a corresponding decrease to the related valuation allowance with no effect to beginning retained earnings. There was no interest component related to these items. Consistent with prior periods, the company will recognize interest and penalties within its income tax provision. The total unrecognized tax benefit of $4,024, if recognized, would impact the effective tax rate.

The Company has recently closed the IRS examination for the periods 2001-2003. Although not currently under examination by the IRS, the Company is subject to examination for the years 2004 through 2006. It is also subject to exams in foreign jurisdictions for 2002 forward, 2004 forward and 2006 forward in its significant non-U.S. jurisdictions.

The Company is also subject to audit in various states (for various years) in which it files income tax returns. Past audits have not resulted in material adjustments. Audits for New Jersey and Maine have recently been concluded with no material changes. Open years for these states are 2004 and 2005 forward, respectively. An audit for the state of Maryland for 2001-2004 is in process and for which the Company anticipates no material additional liability.

The Company anticipates a net decrease of approximately $200 to $300 for unrecognized tax benefits, which would positively impact the provision for income taxes, in the next 12 months mainly due to the expiration of a statute of limitation period.

(6) NET INVENTORIES

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market.

Net inventories at March 31, 2007 and December 31, 2006 consist of the following:

	MARCH 31, 2007	DECEMBER 31, 2006
Finished goods	$23,844	$23,792
Work in process	19,671	15,540
Raw materials	9,722	11,696
Supplies	2,956	2,865
Total	$56,193	$53,893

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(7) LONG-TERM DEBT

Long-term debt at March 31, 2007 and December 31, 2006 consists of the following:

	MARCH 31, 2007	DECEMBER 31, 2006
Bank credit facilities	$--	$158,600
Total	$--	$158,600

Proceeds from the sale of the Bioproducts and Biopharma segments, as discussed in Note 13, were used to repay all outstanding debt on the credit facility. Due to this repayment, $821 was recorded in interest expense, in continuing operations, in the first quarter of 2007 related to the acceleration of unamortized origination fees.

(8) RESTRUCTURING CHARGES

The Company announced plans to eliminate certain employee positions at the corporate office upon completion of the sale of the Bioproducts and Biopharma segments. This plan will include certain one-time benefits for employees terminated and is expected to be completed before the end of 2007. The Company recognized expense of $1,682 during the first quarter of 2007, and expects the total charge for the program to be approximately $4,000, substantially all of which will be paid in cash. The Company anticipates annual cost savings related to the elimination of all these positions to be approximately $5,200.

(9) COMPREHENSIVE INCOME

The following table reflects the components of comprehensive income for the three months ended March 31, 2007 and 2006:

	THREE MONTHS ENDED MARCH 31,	
	2007	2006
Net income/(loss)	$205,216	$(1,405)
Foreign currency translation	(254)	3,740
Unrealized gain on hedging contracts, net of tax	77	124
Unrealized gain on available-for-sale securities, net of tax	17	244
Reclassification adjustment for net realized gains on available-for-sale securities included in net income, net of tax	(1,198)	--
Pension, net of tax	1,719	--

Total	$205,577	$ 2,703

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(9) COMPREHENSIVE INCOME (CONTINUED)

During the first quarter of 2007 the Company sold an available-for-sale security. For purposes of computing gains or losses, cost is identified on a specific identification basis. As of December 31, 2006 the amount recorded in accumulated other comprehensive income ("AOCI') was a gain of $1,198, which was reclassed out of AOCI upon the sale of the security and the Company recorded a gain of $734 to other income at the actual sale date.

(10) RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

Domestic Pension Plans

The Company maintains two U.S. defined-benefit pension plans which cover all eligible employees: the Nepera Hourly Pension Plan which covers the union employees at the previously-owned Harriman, New York plant, and the Cambrex Pension Plan which covers all other eligible employees.

The components of net periodic pension cost for the Company's domestic plans for the three months ended March 31, 2007 and 2006 are as follows:

	March 31, 2007	March 31, 2006
COMPONENTS OF NET PERIODIC BENEFIT COST		
Service cost	$ 335	$ 729
Interest cost	898	858
Expected return on plan assets	(921)	(746)
Amortization of prior service costs	5	11
Recognized actuarial loss	52	180
Curtailments	337	--
Net periodic benefit cost	$ 706	$1,032

The sale of the Bioproducts and Biopharma segments in February, 2007 required the Company to recognize a curtailment charge of $337, which is recorded in discontinued operations.

The Company has a Supplemental Executive Retirement Plan ("SERP") for key executives. This plan is non-qualified and unfunded.

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

The components of net periodic benefit cost for the Company's SERP Plan for the three months ended March 31, 2007 and 2006 is as follows:

(10) RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS (CONTINUED)

	March 31, 2007	March 31, 2006
COMPONENTS OF NET PERIODIC BENEFIT COST		
Service cost	$ 38	$ 55
Interest cost	74	63
Amortization of prior service cost	--	1
Recognized actuarial loss	4	6
Curtailments	11	--
Net periodic benefit cost	$127	$125

International Pension Plans

A foreign subsidiary of the Company maintains a pension plan for their employees that conforms to the common practice in their respective country. Based on local laws and customs, this plan is not funded.

The components of net periodic pension cost for the Company's international plan for the three months ended March 31, 2007 and 2006 are as follows:

	March 31, 2007	March 31, 2006
COMPONENTS OF NET PERIODIC BENEFIT COST		
Service cost	$111	$128
Interest cost	160	128
Amortization of unrecognized net obligation	--	(8)
Recognized actuarial (gain)/loss	(17)	17
Amortization of prior service cost	(2)	(1)
Net periodic benefit cost	$252	$264

The Company does not expect to contribute cash to its international pension plan in 2007.

Other Postretirement Benefits

Cambrex provides postretirement health and life insurance benefits ("postretirement benefits") to all eligible retired employees. Employees who retire at or after age 55 with fifteen years of service are eligible to

participate in the postretirement benefit plans. Certain subsidiaries and all employees hired after December 31, 2002 (excluding those covered by collective bargaining) are not eligible for these benefits. The Company's responsibility for such premiums for each plan participant is based upon years of service. Such plans are self-insured and are not funded. Effective January 1, 2006, the Cambrex Retiree Medical Plan no longer provides prescription coverage to retirees or dependents age 65 or older.

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(10) RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS (CONTINUED)

The components of net periodic postretirement benefit cost for the three months ended March 31, 2007 and 2006 are as follows:

	March 31, 2007	March 31, 2006
COMPONENTS OF NET PERIODIC BENEFIT COST		
Service cost of benefits earned	$ 5	$ 16
Interest cost	27	34
Actuarial loss recognized	17	33
Amortization of unrecognized prior	(39)	(45)
Net periodic benefit cost	$ 10	$ 38

(11) SEGMENT INFORMATION

The Company classifies its non-corporate business activities into one reportable segment: Human Health, consisting of active pharmaceutical ingredients and pharmaceutical intermediates produced under Food and Drug Administration cGMP for use in the production of prescription and over-the-counter drug products and other fine custom chemicals derived from organic chemistry.

Information as to the operations of the Company is set forth below. Cambrex evaluates performance based on gross profit and operating profit. The Company allocates certain corporate expenses to the Human Health segment.

Two customers each account for 10% of consolidated gross sales in the three months ended March 31, 2007 and 2006. One customer is a pharmaceutical company with which a long-term sales contract is in effect that is scheduled to expire at the end of 2008. The Company has agreed in principle to extend the contract which will result in lower profitability for sales under this arrangement in 2007 and 2008. Formal negotiations are nearly complete. The second customer is a distributor representing multiple customers.

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(11) SEGMENT INFORMATION (CONTINUED)

The following is a summary of business segment information:

	Three months ended March 31,	
	2007	2006
Gross Sales:		
Human Health	$ 64,997	$54,120
	$ 64,997	$54,120
Gross Profit:		
Human Health	$ 24,395	$19,085
	$ 24,395	$19,085
Operating Profit:		
Human Health	$ 14,756	$11,060
Corporate	(33,120)	(7,815)
	$(18,364)	$ 3,245
Capital Expenditures:		
Human Health	$ 5,425	$ 4,275
Corporate	53	15
	$ 5,478	$ 4,290
Depreciation:		
Human Health	$ 4,732	$ 4,497
Corporate	101	250
	$ 4,833	$ 4,747
Amortization:		
Human Health	$ 61	$ 10
	$ 61	$ 10

	March 31, 2007	December 31, 2006
Total Assets:		
Human Health	$285,062	$286,437
Corporate	349,571	38,264

Assets of discontinued operations	--	281,675
	$634,633	$606,376

CAMBREX CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands, except share data)

(12) CONTINGENCIES

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The Company continually assesses all known facts and circumstances as they pertain to all legal and environmental matters and evaluates the need for reserves and disclosures as deemed necessary based on these facts and circumstances and as such facts and circumstances develop. These matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial condition, operating results and cash flows in a future reporting period.

Environmental

In connection with laws and regulations pertaining to the protection of the environment, the Company and/or its subsidiaries is a party to several environmental proceedings and remediation investigations and cleanups and, along with other companies, has been named a potentially responsible party ("PRP") for certain waste disposal sites ("Superfund sites"). Additionally, as discussed in the "Sale of Rutherford Chemicals" section of this Note, the Company has retained the liability for certain environmental proceedings, associated with the Rutherford Chemicals business.

Each of these matters is subject to various uncertainties, and it is possible that some of these matters will be decided unfavorably against the Company. The resolution of such matters often spans several years and frequently involves regulatory oversight or adjudication. Additionally, many remediation requirements are not fixed and are likely to be affected by future technological, site, and regulatory developments. Consequently, the ultimate extent of liabilities with respect to such matters, as well as the timing of cash disbursements cannot be determined with certainty.

In matters where the Company has been able to reasonably estimate its liability, the Company has accrued for the estimated costs associated with the study and remediation of Superfund sites not owned by the Company and the Company's current and former operating sites. These accruals were $5,028 and $4,862 at March 31, 2007 and December 31, 2006, respectively. The increase in the accrual is primarily due to an increase in the reserve for one of the Company's former operating sites of $240 partially offset by payments of $47 and currency fluctuation of $30. Based upon currently available information and analysis, the Company's current accrual represents management's best estimate of the probable and estimable costs associated with environmental proceedings including amounts for legal and investigation fees where remediation costs may not be estimable at the reporting date.

As a result of the sale of the Bayonne, New Jersey facility (see "Sale of Rutherford Chemicals" section of this Note), The Company became obligated to

investigate site conditions and conduct required remediation under the New Jersey Industrial Site Recovery Act. The Company completed a preliminary assessment of the site and submitted the preliminary assessment to the New Jersey Department of Environmental Protection ("NJDEP"). The preliminary assessment identified potential areas of concern based on historical operations and sampling of such areas commenced. The Company has completed a second phase of sampling and determined that a third phase of sampling is necessary to determine the extent of contamination and any necessary remediation. The results of the completed and proposed sampling, and any additional sampling deemed necessary, will be used to develop an estimate of the Company's future liability for remediation costs, if any. The Company submitted its plan for the third phase of sampling to the NJDEP during the fourth quarter of 2005. The sampling will commence upon approval of the sampling plan.

(12) CONTINGENCIES (CONTINUED)

The Company's Cosan subsidiary conducted manufacturing operations in Clifton, New Jersey from 1968 until 1979. Prior to the acquisition of Cosan by the Company, the operations were moved to another location and thereafter Cambrex purchased the business. In 1997, Cosan entered into an Administrative Consent Order with the NJDEP. Under the Administrative Consent Order, Cosan was required to complete an investigation of the extent of the contamination related to the Clifton site and conduct remediation as may be necessary. During the third quarter of 2005, the Company completed the investigation related to the Clifton site, which extends to adjacent properties. The results of the investigation caused the Company to increase its related reserves by $1,300 in 2005 based on the proposed remedial action plan. The Company submitted the results of the investigation and proposed remedial action plan to the NJDEP. In late 2006, the NJDEP requested that an additional investigation be conducted at the site. The Company submitted its plan for additional work to the NJDEP in April 2007 and will commence such additional work upon approval of the plan.

In March 2006, the Company received notice from the USEPA that two former operating subsidiaries are considered PRPs at the Berry's Creek Superfund Site, Bergen County, New Jersey. The operating companies are among many other PRPs that were listed in the notice. Pursuant to the notice, the PRPs have been asked to perform a remedial investigation and feasibility study of the Berry's Creek Site. The Company has met with the other PRPs. Both operating companies joined the groups of PRPs and filed a joint response to the USEPA agreeing to jointly negotiate to conduct or fund (along with other PRPs) an appropriate remedial investigation and feasibility study of the Berry's Creek Site. At this time it is too early to predict the extent of any liabilities. However, reserves have been established to cover anticipated initial costs related to the site.

The Company is involved in other matters where the range of liability is not reasonably estimable at this time and it is not determinable when information will become available to provide a basis for recording an accrual, should an accrual ultimately be required.

Litigation and Other Matters

Mylan Laboratories

In 1998 the Company and its subsidiary Profarmaco S.r.l. (currently known as Cambrex Profarmaco Milano S.r.l.") ("Profarmaco") were named as defendants (along with Mylan Laboratories, Inc. ("Mylan") and Gyma Laboratories of America, Inc., Profarmaco's distributor in the United States) in a proceeding instituted by the Federal Trade Commission ("FTC") in the United States District Court for the District of Columbia (the "District Court"). Suits were also commenced by several State Attorneys' General. The suits alleged violations of the Federal Trade Commission Act arising from exclusive license agreements between Profarmaco and Mylan covering two APIs. The FTC and Attorneys' General suits were settled in February 2001, with Mylan (on its own behalf and on behalf of Profarmaco and Cambrex) agreeing to pay over $140,000 and with Mylan, Profarmaco and Cambrex agreeing to monitor certain future conduct.

The same parties including the Company and Profarmaco have also been named in purported class action complaints brought by private plaintiffs in various state courts on behalf of purchasers of the APIs in generic form, making allegations similar to those raised in the FTC's complaint and seeking various forms of relief including treble damages.

In April 2003, Cambrex reached an agreement with Mylan under which Cambrex would contribute $12,415 to the settlement of litigation brought by a class of direct purchasers. In exchange, Cambrex and

(12) CONTINGENCIES (CONTINUED)

Profarmaco received from Mylan a release and full indemnity against future costs or liabilities in related litigation brought by purchasers, as well as potential future claims related to this matter. Cambrex recorded an $11,342 charge (discounted to the present value due to the five year pay-out) in the first quarter of 2003 as a result of this settlement. In accordance with the agreement $9,215 has been paid through March 31, 2007, with the remaining $3,200 to be paid over the next two years.

Vitamin B-3

In May 1998, the Company's subsidiary, Nepera, which formerly operated the Harriman facility and manufactured and sold niacinamide ("Vitamin B-3"), received a Federal Grand Jury subpoena for the production of documents relating to the pricing and possible customer allocation with regard to that product. In 2000, Nepera reached agreement with the Government as to its alleged role in Vitamin B-3 violations from 1992 to 1995. The Canadian government claimed similar violations. All government suits in the U.S. and Canada have been concluded.

Nepera has been named as a defendant, along with several other companies, in a number of private civil actions brought on behalf of alleged purchasers of Vitamin B-3. The actions seek injunctive relief and unspecified but substantial damages. All cases have been settled within established reserve amounts.

Settlement documents are expected to be finalized and payments are expected to be made during the next several months. The balance of the reserves recorded within accrued liabilities related to this matter was $1,580 as of March 31, 2007.

Sale of Rutherford Chemicals

The Company completed the sale of its Rutherford Chemicals business in November 2003. Under the agreement for the sale ("Purchase Agreement"), the Company provided standard representations and warranties and included various covenants concerning the business, operations, liabilities and financial condition of the Rutherford Chemicals business ("Rutherford Business"). Most of such representations and warranties survived for a period of thirty days after the preparation of the audited financial statements for year-end 2004 by the purchasers of the Rutherford Business ("Buyers"). Therefore, claims for breaches of such representations had to be brought during such time frame. Certain specified representations, warranties and covenants, such as those relating to employee benefit matters and certain environmental matters, survive for longer periods and claims under such representations, warranties and covenants could be brought during such longer periods. Under the Purchase Agreement, the Company has indemnified the Buyer for breaches of representations, warranties and covenants. Indemnifications for certain but not all representations and warranties are subject to a deductible of $750 and a cap at 25 percent of the purchase price. Further, to the extent any claimed damages arise from breaches of representations and warranties, such damages would be subject to a cap of between approximately $14,000 and $16,250, depending on whether certain contingent payments are made, and is subject to the deductible of $750 which is the responsibility of the Buyers.

Under the Purchase Agreement, the Company has retained the liabilities associated with existing general litigation matters related to Rutherford Chemicals. With respect to certain pre-closing environmental matters, the Company retains the responsibility for: (i) certain existing matters including violations and off-site liabilities; and (ii) completing the on-going remediation at the New York facility. Further, as a result of the sale of the Bayonne, New Jersey facility, a part of Rutherford Chemicals, and as discussed in the Environmental Section above, the obligation to investigate site conditions and conduct required remediation under the provisions of the New Jersey Industrial Site Recovery Act was triggered; the Company has

(12) CONTINGENCIES (CONTINUED)

retained the responsibility for completion of any such investigation and remediation. With respect to all other pre-closing environmental liabilities, whether known or unknown, the Buyer is responsible for the management of potential future matters; however, the Buyer and the Company may share the costs of associated remediation with respect to such potential future matters, subject to certain limitations defined in the agreement for sale. The Company has accrued for exposures which are deemed probable and estimable.

In March 2005, the Company received a claim from the Buyers claiming breach of certain representations, warranties and covenants contained in the Purchase Agreement which the Company rejected in its entirety. Thereafter, the Buyers submitted an amended claim claiming alleged breaches of representations, warranties and covenants covering each of the five operating sites sold pursuant to the Purchase Agreement and are related primarily to facility structures, utilities and equipment and alleges damages of $26,407 which the Company

rejected in its entirety.

In September 2005, the Company received a request for indemnity ("September Notice") from the Buyers related to an arbitration claim filed by a Rutherford Business customer ("Customer"). The arbitration claim arises from a claimed breach of a supply agreement that was assigned to and assumed by the Buyers pursuant to the Purchase Agreement. Thereafter, the Company was also served with an arbitration claim by the Customer related to the same matter. In the arbitration claim, the Customer claims $30,000 in damages arising from Buyers' breach of the supply agreement. The Buyers have now settled the Customer arbitration claim for $3,600. The Buyers claim that the September Notice amends the earlier claims that they filed in early 2005, as discussed above, and that the Customer's claimed breach of the supply agreement should be treated as part of a breach of a representation, warranty or covenant set forth in the earlier notices. The supply agreement was assigned to and assumed by the Buyers, and the Company has now been dismissed from the Customer's arbitration claim. In October 2005, the Company rejected the Buyers' claim for indemnity under the September Notice in its entirety.

In October 2005, the Company received a notice from the Buyers ("October Notice") that summarized the claims previously received in early 2005. The October Notice also set forth additional claims for environmental matters related to the Rutherford Business that relate to environmental matters at each of the five operating sites sold pursuant to the Purchase Agreement. In December 2005, the Buyers added two additional environmental claims related to the former operating sites ("December Notices"). The Company responded to the October and December Notices disputing the environmental claims on various grounds, including that the Company believes most claims relate to Buyers' obligations under the Purchase Agreement. The Company also requested additional information because some environmental claims may be covered by sections of the Purchase Agreement where the parties share liability concerning such matters.

In April 2006, the Company received a summons and complaint (the "Complaint") from the Buyers, which was filed in the Supreme Court of the State of New York, County of New York. The Complaint seeks indemnification, declaratory and injunctive relief for alleged (i) breaches of representations, warranties and covenants covering each of the former operating sites related to facility structures, utilities and equipment included in the 2005 notices mentioned above and the allegedly related breach of the Customer Supply Agreement arising from a breach of warranty at the Harriman facility included in the September Notice mentioned above (collectively "Equipment Matters"); and (ii) claims related to environmental matters at each of the five operating locations, most of which related to the former Harriman location included in the October Notice and December Notices mentioned above (collectively "Environmental Matters").

(12) CONTINGENCIES (CONTINUED)

The Company continues its evaluation of Buyers' allegations and intends to defend itself against these claims vigorously. The Company continues to believe that the Equipment Matters are without merit. In April 2007, the Buyers stipulated to the withdrawal of 23 of the 39 of its equipment claims, approximately $12,000 of claimed equipment damages. Further, the Company

continues to believe that based on current information the majority of the Environmental Matters are either the Buyers' responsibility or without merit and the remaining are otherwise not reasonably estimable at this time. As such, the Company has recorded no reserves for this matter.

Class Action Matter

In October 2003, the Company was notified of a securities class action lawsuit filed against Cambrex and five former and current Company officers. Five class action suits were filed with the New Jersey Federal District Court (the "Court"). Discovery in this matter is proceeding. In January 2004, the Court consolidated the cases, designated the lead plaintiff and selected counsel to represent the class. An amended complaint was filed in March 2004. The lawsuit has been brought as a class action in the names of purchasers of the Company's common stock from October 21, 1998 through July 25, 2003. The complaint alleges that the Company failed to disclose in a timely fashion the January 2003 accounting restatement and subsequent SEC investigation, as well as the loss of a significant contract at the Baltimore facility.

The Company filed a Motion to Dismiss in May 2004. Thereafter, the plaintiff filed a reply brief and in October 2005, the Court denied the Company's Motion to Dismiss. The Company continues to believe that the complaints are without merit and will vigorously defend against them. As such, the Company has recorded no reserves related to this matter. The Company has reached its deductible under its insurance policy and further costs, expenses and any settlement is expected to be paid by the Company's insurers.

Securities and Exchange Commission

The SEC is currently conducting an investigation into the Company's inter-company accounting procedures from the period 1997 through 2001. The investigation began in the first half of 2003 after the Company voluntarily disclosed certain matters related to inter-company accounts for the five-year period ending December 31, 2001 that resulted in the restatement of the Company's financial statements for those years. To the Company's knowledge, the investigation is limited to this inter-company accounting matter, and the Company does not expect further revisions to its historical financial statements relating to these issues. The Company is fully cooperating with the SEC.

Baltimore Litigation

In 2001, the Company acquired the biopharmaceutical manufacturing business in Baltimore (the "Baltimore Business"). The sellers of the Baltimore Business filed suit against the Company alleging that the Company made false representations during the negotiations on which the sellers relied in deciding to sell the business and that the Company breached its obligation to pay additional consideration as provided in the purchase agreement which was contingent on the performance of the Baltimore Business. Management believes the matter to be without merit and continues its defense of this matter. A decision on the Motion for Summary Judgment filed in 2006 is pending.

(12) CONTINGENCIES (CONTINUED)

Other

The Company has commitments incident to the ordinary course of business including corporate guarantees of certain subsidiary obligations to the Company's lenders related to financial assurance obligations under certain environmental laws for remediation, closure and/or third party liability requirements of certain of its subsidiaries and a former operating location; contract provisions for indemnification protecting its customers and suppliers against third party liability for manufacture and sale of Company products that fail to meet product warranties and contract provisions for indemnification protecting licensees against intellectual property infringement related to licensed Company technology or processes.

Additionally, as permitted under Delaware law, the Company has agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have a Director and Officer insurance policy that covers a portion of any potential exposure.

The Company currently believes the estimated fair value of its indemnification agreements is not significant based on currently available information, and as such, the Company has no liabilities recorded for these agreements as of March 31, 2007.

In addition to the matters identified above, Cambrex's subsidiaries are party to a number of other proceedings.

(13) DISCONTINUED OPERATIONS

On October 27, 2006, the Company sold two businesses within the Human Health segment for nominal consideration. As a result of the transaction, the Company reported a non-cash charge of $23,244 in the fourth quarter of 2006 and the Cork and Landen businesses are being reported as a discontinued operation in all periods presented.

On February 6, 2007, the Company completed the sale of the businesses that comprise the Bioproducts and Biopharma segments (excluding certain liabilities) to Lonza Group AG for cash consideration of $460,000. As a result of the transaction, the Company recorded a $232,116 gain in the first quarter of 2007, subject to working capital and other adjustments. The Company is currently in discussions with the buyer regarding the final calculation of the working capital adjustment which is expected to be completed in the second quarter of 2007. Any changes to the closing balance sheets of the divested companies will be reflected in discontinued operations in future periods. As a result of the completion of the transaction on February 6, 2007, the Bioproducts and Biopharma segments are being reported as discontinued operations in all periods presented.

(13) DISCONTINUED OPERATIONS (CONTINUED)

The following table reflects revenues and income from the discontinued

operations:

	Three months ended March 31,	
	2007	2006
Revenues	$ 20,335	$65,487
Pre-tax income from operations of discontinued operations	$ 545	$ 5,568
Gain on sale of Bioproducts and Biopharma segments	232,116	--
Income from discontinued operations before income taxes	$232,661	$ 5,568

The following table reflects the carrying amount of the assets and liabilities as of December 31, 2006 for the businesses that were sold on February 6, 2007:

	December 31, 2006
Assets:	
Cash	$ --
Accounts receivable, net	35,460
Inventories, net	40,708
Other current assets	3,215
Property, plant and equipment, net	85,162
Intangibles, net	115,562
Other assets	1,568
Total assets held for sale	281,675
Liabilities:	
Accounts payable and accrued liabilities	31,965
Other current liabilities	1,436
Long-term debt	3,627
Other liabilities	20,581
Total liabilities held for sale	$ 57,609
Net assets held for sale	$224,066

(14) SUBSEQUENT EVENTS

In April 2007, the Company entered into a $200,000 five-year Syndicated Senior Revolving Credit Facility ("5-Year Agreement"), which expires in April 2012.

The Company used the remaining proceeds of approximately $307,000 from the sale of the Bioproducts and Biopharma segments and $94,000 of borrowings under the 5-Year Agreement to pay a special dividend of $14.00 per share on May 3, 2007, totaling approximately $401,000. The Company also discontinued its quarterly dividend payment and will instead allocate these cash outlays to

support its growth initiatives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

The Company's business consists of one segment - Human Health. The Human Health segment is primarily comprised of active pharmaceutical ingredients derived from organic chemistry and pharmaceutical intermediates.

The following significant events occurred during the first quarter 2007 which affected reported operating profit:

- A charge of $23,130 recorded within operating expenses for strategic alternative costs.

- A charge of $1,682 recorded within operating expenses for restructuring costs.

- A charge of $821 recorded within interest expense for the write-off of unamortized debt costs.

During to the first quarter of 2007 the Company completed the sale of the businesses that comprise the Bioproducts and Biopharma segments (excluding certain liabilities) to Lonza Group AG for total cash consideration of $460,000. As a result of this transaction, the Company recorded a gain of $232,116 in discontinued operations, subject to working capital and other adjustments.

RESULTS OF OPERATIONS

COMPARISON OF FIRST QUARTER 2007 VERSUS FIRST QUARTER 2006

Gross sales in the first quarter 2007 of $64,997 were $10,877 or 20.1% above the first quarter 2006. Gross sales were favorably impacted 5.5% due to exchange rates reflecting a weaker U.S. dollar.

Within the Human Health segment, sales of active pharmaceutical ingredients ("APIs") of $48,342 were $7,945 or 19.7% above the first quarter 2006 primarily due to higher sales volume of generic APIs partially offset by lower pricing. Sales of pharmaceutical intermediates of $8,058 were $1,547 or 23.8% above the first quarter 2006 primarily due to stronger demand for custom development products. Sales of other Human Health products of $8,597 were $1,385 or 19.2% above the first quarter 2006 primarily due to stronger demand of crop protection products partially offset by lower sales of x-ray media.

Human Health gross margins increased to 37.5% in the first quarter 2007 from 35.3% in the first quarter 2006. This increase is primarily due to higher sales volume and favorable foreign currency exchange partially offset by lower pricing.

The following table reflects sales by geographic area for the three months ended March 31, 2007 and 2006:

	2007	2006
North America	$22,473	$17,121
Europe	38,567	33,838
Asia	2,007	1,342
Other	1,950	1,819
Total Gross Sales	$64,997	$54,120

RESULTS OF OPERATIONS (CONTINUED)

COMPARISON OF FIRST QUARTER 2007 VERSUS FIRST QUARTER 2006 (CONTINUED)

Selling, general and administrative expenses of $15,347 or 23.6% of gross sales in the first quarter 2007 increased from $12,490, or 23.1% in the first quarter 2006. The increase in expense is due mainly to higher administration expenses, primarily legal fees. The impact of foreign currency exchange was negligible.

The Company announced plans to eliminate certain employee positions at the corporate office upon completion of the sale of the Bioproducts and Biopharma segments. This plan will include certain one-time benefits for employees terminated and is expected to be completed before the end of 2007. Costs related to these plans are recorded on the restructuring expenses line on the income statement. The Company recognized expense of $1,682 during the first quarter of 2007, and expects the total charge for the program to be approximately $4,000, substantially all of which will be in cash. The Company anticipates annual cost savings related to the elimination of all these positions to be approximately $5,200.

Strategic alternative costs include costs that the Company has incurred related to the decision to sell the Bioproducts and Biopharma segments in February 2007. These costs are not considered part of the restructuring program or a part of discontinued operations under current accounting guidance. The first quarter of 2007 includes charges of $18,188 related to certain benefits which became payable under change of control agreements between the Company and four of its current or former executives due to the sale of the Bioproducts and Biopharma segments. The Company will recognize additional expense in future quarters for the recognition of interest and discounting as well as the potential for changes in estimates. Substantially all of this charge will be paid in cash. The exact timing of the payment is uncertain at this time but is expected to be in 2008.

Also included in strategic alternative costs in the current quarter is $4,489 of retention bonuses. This includes amounts that were payable upon completion of the Bioproducts and Biopharma segments sales transaction on February 6, 2007 as well as bonuses payable to certain current employees for continued employment, generally through September 30, 2007. The Company is recognizing this cost ratably over the applicable service period and anticipates a total charge of approximately $3,200. Additional costs including those associated with the payment of the special dividend in connection with the divestiture amounted to approximately $453 during the quarter.

Research and development expenses of $2,600 were 4.0% of gross sales in the first quarter 2007, compared to $2,362 or 4.4% of gross sales in the first quarter 2006. The increase in expense primarily reflects higher personnel costs. The impact of foreign currency exchange was negligible.

Operating loss in the first quarter of 2007 was $18,364 compared to profit of $3,245 in the first quarter of 2006. The results reflect higher operating expenses due to strategic alternative and restructuring costs partially offset by higher gross margins as discussed above.

Net interest income was $1,539 in the first quarter of 2007 compared to net interest expense of $5,444 in the first quarter of 2006. These results primarily reflect lower average debt due to paying off the credit facility in February 2007 using the proceeds from the sale of the Bioproducts and Biopharma segments, partially offset by higher interest rates. Interest income was also considerably higher in the first quarter of 2007 compared to 2006 due to interest earned on the proceeds from the sale of the Bioproducts and Biopharma segments. Also included in first quarter 2007 was the acceleration of unamortized origination fees related to the repayment of the credit facility of $821. Included in first quarter 2006 is approximately $5,272 related to the make whole payment of $4,809 and the related acceleration of $463 of unamortized origination fees. The average interest rate on debt was 6.1% in the first quarter of 2007 versus 5.2% in the first quarter of 2006.

The effective tax rate for the first quarter 2007 was 14.1% compared to -113.4% in the first quarter 2006. The tax provision in the first quarter 2007 changed to a benefit of $2,363 compared to expense of $2,500 in

the first quarter of 2006. This change is due to the geographic mix of pre-tax earnings, as well as the recognition of a tax benefit in continuing operations as a result of the sale of the Bioproducts and Biopharma segments in the first quarter of 2007. The Company maintains a full valuation allowance against its domestic, and certain foreign, net deferred tax assets and will continue to do so until an appropriate level of profitability is sustained or tax strategies can be developed that would enable the Company to conclude that it is more likely than not that a portion of these net deferred assets would be realized. As such, improvements in domestic, and certain foreign, pre-tax income in the future may result in these tax benefits ultimately being realized. However, there is no assurance that such improvements will be achieved.

Loss from continuing operations in the first quarter of 2007 was $14,443, or $0.51, per diluted share versus $4,704, or $0.18 per diluted share in the same period a year ago.

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109 ("FIN 48") effective January 1, 2007. This interpretation clarified the accounting for uncertainty in income tax positions and required the Company to recognize in the consolidated financial statements the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. The effect of adopting the interpretation was not material. Refer to Note 5 for further discussion.

The Company adopted FASB Staff Position ("FSP") No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities" effective January 1, 2007. This FSP amended certain provisions of APB Opinion No. 28 "Interim Financial Reporting". This FSP prohibited the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim reporting periods. The adoption of this FSP had an immaterial impact on the Company's financial position and results of operations.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased $311,169 in the first three months of 2007. During the three months ended March 31, 2007, the Company generated cash from operations of $1,013, a decrease of $4,920 versus the same period a year ago. The decrease in cash flows from operations in the first three months of 2007 versus the first three months of 2006 is due primarily to the pay down of accounts payable.

Cash flows provided by financing activities in the first three months of 2007 of $453,988 primarily reflect proceeds from the sale of the Bioproducts and Biopharma segments. Capital expenditures from continuing operations were $5,478 in the first three months of 2007 as compared to $4,290 in 2006. Part of the funds in 2007 were used for a new API purification facility in Milan, Italy and capital improvements to existing facilities.

Cash flows used in financing activities in the first three months of 2007 of $143,770 include net pay down of debt of $158,586 and dividends paid of $833 partially offset by proceeds from stock options exercised of $15,962. In the first three months of 2006 financing activities include a net pay down of debt of $18,962, dividends paid of $801 partially offset by proceeds from stock options exercised of $1,003.

During the first three months of 2007 and 2006, the Company paid cash dividends of $0.03 per share.

On October 24, 2006, the Company entered into a definitive stock purchase agreement with Lonza Group AG for the sale of the businesses that comprise the Bioproducts and Biopharma segments (excluding certain liabilities) for total cash consideration of $460,000. The sale of these businesses closed during the first quarter of 2007.

The Company used the proceeds from the sale to repay outstanding debt and on May 3, 2007, paid a special dividend of $14.00 per share, totaling approximately $401,000. Approximately $94,000 was borrowed from the Company's new five-year, $200,000 credit facility to pay the dividend. The Company also discontinued its quarterly dividend payment and will instead allocate these cash outlays to support its growth initiatives.

RESULTS OF OPERATIONS (CONTINUED)

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

In April 2007, the Board of Directors of the Company approved the suspension of the domestic pension plans and SERP plan effective August 31, 2007.

FORWARD-LOOKING STATEMENTS

This document may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Rule 3b-6 under The Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding expected performance, especially expectations with respect to sales, research and development expenditures, earnings per share, capital expenditures, acquisitions, divestitures, collaborations, or other expansion opportunities. These statements may be identified by the fact that they use words such as "expects," "anticipates," "intends," "estimates," "believes" or similar expressions are used in connection with any discussion of future financial and/or operating performance. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Form 10-Q. Any forward-looking statements contained herein are based on current plans and expectations and involve risks and uncertainties that could cause actual outcomes and results to differ materially from current expectations including, but not limited to, global economic trends, pharmaceutical outsourcing trends, competitive pricing or product developments, government legislation and/or regulations (particularly environmental issues), tax rate, interest rate, technology, manufacturing and legal issues, including the outcome of outstanding litigation disclosed in the Company's public filings, changes in foreign exchange rates, performance of minority investments, uncollectible receivables, loss on disposition of assets, cancellation or delays in renewal of contracts, lack of suitable raw materials or packaging materials, the Company's ability to receive regulatory approvals for its products, the outcome of the evaluation of strategic alternatives and whether the Company's estimates with respect to its earnings and profits for tax purposes in 2007 will be correct. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

For further details and a discussion of these and other risks and uncertainties, investors are cautioned to review the Cambrex 2006 Annual Report on Form 10-K, including the Forward-Looking Statement section therein, and other filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no significant change in our exposure to market risk during the first quarter of 2007. For a discussion of the Company's exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," contained in the Company's Annual Report on Form 10-K for the period ended December 31, 2006.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the

Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed to reasonably assure that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Disclosure controls include components of internal control over financial reporting, which consists of control processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the United States.

We have carried out an evaluation under the supervision of, and with the participation of, our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2007. The Company's management has concluded that the financial statements included in this Form 10-Q are a fair presentation in all material respects the Company's financial position, results of operations and cash flows for the periods presented in conformity with generally accepted accounting principles.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

There were no significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the quarter ended March 31, 2007.

PART II - OTHER INFORMATION

CAMBREX CORPORATION AND SUBSIDIARIES

ITEM 1 LEGAL PROCEEDINGS

See the discussion under Part I, Item 1, Note 12 to the Consolidated Financial Statements.

ITEM 1A RISK FACTORS

There have been no material changes to our risk factors and uncertainties during the first three months of 2007. For a discussion of the Risk Factors, refer to Part I, Item 1A, "Risk Factors," contained in the Company's Annual Report on Form 10-K for the period ended December 31, 2006.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

1. At a Special Meeting of Shareholders held on February 5, 2007 the Stockholders voted for the approval of the sale of the Bioproducts and Biopharma segments.

Votes For	Votes Against	Votes Abstained
21,064,114	55,789	26,804

2. At the Annual Meeting of Stockholders held on April 26, 2007, four Directors in Class II were elected to hold office as Directors of the Company until the 2010 Annual Meeting of Stockholders

Nominees	Votes For	Votes Withheld
Rosina B Dixon	22,436,620	961,953
Roy W Haley	22,949,190	449,383
Leon J Hendrix, Jr	22,435,670	962,903
Ilan Kaufthal	22,347,160	1,051,413

3. Also, to amend the Restated Certificate of Incorporation in order to declassify the Board of Directors and authorizing:

(i) the annual election of all members of the Board of Directors;

Votes For	Votes Against	Votes Abstained
23,302,177	55,680	40,717

(ii) stockholders to remove a director with or without cause by a majority vote of the then outstanding shares of common stock entitled to vote generally in the election of directors; and

Votes For	Votes Against	Votes Abstained
23,261,427	95,968	41,177

(iii) the removal of provisions requiring a supermajority vote of our common stock to effect certain amendments to our Restated Certificate of Incorporation and By-Laws; and

Votes For	Votes Against	Votes Abstained
23,258,121	98,021	42,432

4. Also, the Stockholders voted for the appointment of BDO Seidman, LLP as the Company's Registered Independent Public Accounting Firm for 2007.

Votes For	Votes Against	Votes Abstained
23,371,956	17,013	9,593

ITEM 6 EXHIBITS

1. Exhibit 3.1 - Restated Certificate of Incorporation of registrant, as amended.

2. Exhibit 3.2 - By Laws of registrant, as amended.

3. Exhibit 31.1 - CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

4. Exhibit 31.2 - CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

5. Exhibit 32.1 - CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

6. Exhibit 32.2 - CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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/ Gregory P. Sargen

Gregory P. Sargen
Vice President and Chief Financial Officer (On behalf of the Registrant and as the Registrant's Principal Financial Officer)

Dated: May 9, 2007