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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

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)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (201)-804-3000
SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.10 PAR VALUE	NEW YORK STOCK EXCHANGE

(SECURITIES REGISTERED PURSUANT TO SECTION 12 (G) OF THE ACT: NONE)

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 12 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $532,685,089 as of February 28, 1999.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of February 28, 1999, there were 24,536,085 shares outstanding of the registrant's Common Stock, $.10 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 1998 Annual Meeting are incorporated by reference into Part III of this report.

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PART I

ITEM 1 BUSINESS.

GENERAL

Cambrex Corporation (the "Company" or "Cambrex"), a Delaware corporation, began business in December 1981. The Company primarily provides products and services to the life sciences industries and operates in four segments: Human Health, Biotechnology, Animal Health/Agriculture and Specialty Business. Each of these segments include various product categories. The Human Health, Biotechnology and Animal Health/Agriculture segments facilitate all the ongoing analysis of the business in the area of life sciences. Currently, the Company's overall strategy for these segments is to focus on niche markets that have global opportunities, build on strong customer relations to enhance our new products pipeline, and support state-of-the-art technology, while being a leader in environmental, health and safety performance.

Within each of the segments, the Company uses a consistent business approach:

1. Focus on niche products requiring significant technical expertise.

2. Be a leading supplier of core products, for which price competition is not the primary market determinant.

3. Review products on a continuing basis and eliminate those not meeting operating profit goals and replace those products with ones generating higher returns.

Important objectives of the Company are to expand its operations through internal growth and to make strategic acquisitions of product lines, technology and companies that increase its position in niche markets.

On October 3, 1997, the Company completed the acquisition of all of the outstanding common stock of BioWhittaker, Inc. ("BioWhittaker") for approximately $133,500. BioWhittaker, which is located on 116 acres in Walkersville, Maryland, develops, produces and sells cell culture and endotoxin detection products to the biotechnology and pharmaceutical industries for research and for the commercial manufacture of biopharmaceutical products. On May 12, 1998, Cambrex purchased the assets of the biopharmaceutical manufacturing and distribution business of Boehringer Ingelheim Bioproduct Partnership. The assets acquired include a state-of-the-art cell culture and media manufacturing facility in Verviers, Belgium, and inventory for certain cell culture, endotoxin detection and molecular biology products.

On January 5, 1998, the Company completed the acquisition of the chiral intermediates business of Celgene Corporation for $7,500 plus future royalties of up to $7,500 based upon sales. The product line, which has been re-named Chiragene, will produce optically active, complex, organic compounds that are critical to the production of modern active pharmaceutical ingredients.

On January 4, 1999, the Company acquired Poietic Technologies, Inc., the leading supplier of normal human cells of hemotopoietic origin. Terms of the transaction are $2.5 million cash and future consideration based on the

performance of the business.

On March 12, 1999, the Company announced the purchase of Irotec Laboratories, Ltd., a manufacturer of active pharmaceutical ingredients located in Cork, Ireland. Cambrex paid approximately $40,000 for the business, which includes a new $15,000 cGMP pharmaceutical manufacturing plant, that should come on line in the second quarter of 1999. In connection with the purchase, the Company signed a long-term agreement with Hexal AG, Germany's second largest generic pharmaceutical producer. The agreement covers the supply of an expected $50,000 to $75,000 of Active Pharmaceutical Ingredients (API) over the next five years.

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(dollars in thousands, except share data)

PRODUCTS

The Company uses its technical expertise in a wide range of chemical and biological processes to meet the needs of its customers for high quality products for specialized applications. The following table sets forth for the periods indicated information concerning gross sales from the Company's four segments:

	YEAR ENDED DECEMBER 31,		
	1998	1997(1)	1996
Human Health	$194,766	$182,818	$174,398
Biotechnology	65,968	13,577	--
Animal Health/Agriculture	56,285	59,804	61,560
Specialty Business	124,664	123,884	133,521
Gross Sales	$441,683	$380,083	$369,479

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(1) Sales from BioWhittaker, acquired in October 1997, are included from the date of acquisition.

Human Health: The Human Health Segment is classified into eight principal product groups: (1) Active Pharmaceutical Ingredients, (2) Pharmaceutical Intermediates, (3) Imaging Chemicals, (4) Personal Care Ingredients, (5) Biomedicals, (6) Catalysts, (7) Chiral Technology and (8) Nutraceuticals. These products are sold to a diverse group of more than 1,000 customers, with two customers accounting for 11% and 9% of 1998 sales in this segment. Many of these products are also sold through agents.

This table summarizes the gross sales for this product segment.

	1998	1997	CHANGE	% CHANGE
Active Pharmaceutical Ingredients	$120,459	$110,461	$ 9,998	9%
Pharmaceutical Intermediates	24,844	23,430	1,414	6
Imaging Chemicals	14,179	17,617	(3,438)	(20)
Personal Care Ingredients	16,777	16,453	324	2
Biomedicals	3,977	4,286	(309)	(7)
Catalysts	8,281	6,554	1,727	26
Chiral Technology	5,548	3,733	1,815	49
Nutraceuticals	701	284	417	147

Total Human Health.....	$194,766	$182,818	$11,948	7%

The Active Pharmaceutical Ingredients are manufactured under FDA regulation (cGMP -- current Good Manufacturing Practices) for use as the active ingredients in prescription and over-the-counter drugs. Active Pharmaceutical Ingredient sales of $120,459 were $9,998 (9%) above the prior year due to strong demand for our gastro-intestinal products used for treating ulcerative colitis, and also due to shipments of a new anti-asthma drug and other new products. Active Pharmaceutical Ingredients include active ingredients used in products for gastro-intestinal, cardiovascular, endocrine, central nervous system, respiratory, diuretics, anti-infective, anti-inflammatory, immunology and various other uses.

Pharmaceutical Intermediate sales of $24,844 were $1,414 (6%) above 1997 due to new products used in migraine medicine and central nervous system applications. These increases were partially offset by lower sales of aminodioxepin (AOA), a drug intermediate used in the production of a protease inhibitor for the treatment of AIDS, due to the demand for the end-use drug leveling off primarily from the filling of the distribution pipeline.

Chiral Technology product sales of $5,548 were $1,815 (49%) above 1997 due to the sales from the acquisition of the chiral intermediates business (Chiragene) from Celgene Corporation in January 1998.

Imaging Chemical (X-Ray Media) sales of $14,179 were $3,438 (20%) below the prior year due to a customer reducing inventories, and another customer deciding to manufacture on a captive basis. A third customer established a backup supplier, as was permitted under a 5-year supply agreement, which further reduced sales.

Other product category changes from prior year were not significant.

Biotechnology: This segment consists of cell culture products, including living cell cultures, cell culture media and cell culture media supplements, and endotoxin detection products supplied to the biotechnology and pharmaceutical industries. The Company manufactures more than 1,100 products which are sold to more than approximately 12,000 customers worldwide with no one customer accounting for more than 10% of sales in this category.

This table summarizes the gross sales for this product segment:

	1998	1997
Cell Culture.....	$43,795	$ 9,126
Endotoxin Detection.....	18,852	3,539
Other.....	3,321	912
Total Biotechnology.....	$65,968	$13,577

Animal Health/Agriculture: This segment consists of three product groups: (1) Vitamin B3 used in feed additives and for veterinary products, (2) Animal Health Products used in disease prevention and (3) Agricultural Intermediates used in crop protection. These products are sold to approximately 200 customers. Three customers accounted for 31%, 20% and 13% of 1998 sales in this segment.

(dollars in thousands, except share data)

This table summarizes the gross sales for this product segment:

	1998	1997	CHANGE	% CHANGE
Vitamin B3	$12,814	$12,163	$ 651	5%
Animal Health	17,614	17,471	143	1
Agricultural Intermediates	25,857	30,170	(4,313)	(14)
Total Animal Health/Agriculture	$56,285	$59,804	$(3,519)	(6)%

Vitamin B3 sales of $12,814 were $651 (5%) above 1997 due to price increases put in place in late 1997 and volume increases to customers.

Animal Health sales of $17,614, were roughly flat with 1997. Sales of organo-aresnical feed additives, the largest product in animal health remained at 1997 levels.

Agricultural Intermediate sales of $25,857 were down $4,313 (14%) due to reduced demand for crop protection products directly related to the economic conditions in Asia.

Specialty Business: This segment consists of two product groups: (1) Performance Enhancing Chemicals and (2) Polymer Systems. Performance Enhancing Chemicals are complex chemicals designed to impart special properties when small quantities are included in the formulation of specific products. These chemicals, which include over 100 products, are used in photography, pigments, polymers, fuel/oil additives, catalysts and other specialty additives. Polymer Systems are monomers or two component polymer systems for use in small volume, high performance applications. These polymers include applications used in coatings, telecommunications, electronics and engineering plastics. These products are sold to approximately 1,100 customers with no one customer accounting for over 10% of 1998 sales.

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(dollars in thousands, except share data)

This table summarizes the gross sales for this product category:

	1998	1997	CHANGE	% CHANGE
Performance Enhancing Chemicals	$ 81,853	$ 81,640	$213	0%
Polymer Systems	42,811	42,244	567	1
Total Specialty Business	$124,664	$123,884	$780	1%

Key sales increases in Performance Enhancing Chemicals resulted from increases in THPE, a polycarbonate additive, growth in export markets, and in castor oil based products, and were offset by decreases in photographic products.

Polymer System sales of $42,811 were $567 (1%) above 1997, due to increased demand for a monomer used in high performance plastics offset by decreases in coating products.

MARKETING AND DISTRIBUTION

The Company's Human Health segment generally includes high value, low volume products requiring significant technical expertise for their development and manufacture. Marketing generally requires significant cooperative effort among a small highly trained marketing staff, a technical staff who can assess the technical fit and estimate manufacturing economics, and the business management to determine the strategic and business fit. Such a process may take from two to five years before a commercial product is fully established. Because of this long lead time and the complexity of the technical efforts there are usually long-term relationships with major corporations who become significant customers. Sales of established products may be handled by agents in those areas where direct sales efforts are uneconomic.

For the biotechnology segment, the Company markets and sells its products in the United States and Europe principally through its own direct sales force. The Company directly serves the European markets through its wholly owned subsidiaries, BioWhittaker UK LTD, located outside London, and BioWhittaker Europe located in Belgium. The remaining international markets are served principally through an extensive network of independent distributors.

For the Specialty Business segment and some Animal Health/Agriculture segment products, marketing and distribution is more typical of specialty chemical companies, with products being sold to customers from inventory in volumes ranging from rail cars to five gallon containers. Sales may be handled by Company sales people, distributors or agents as appropriate.

RAW MATERIALS

The Company uses a wide array of raw materials in the conduct of its businesses. The Company uses significant amounts of castor oil and compounds derived from petroleum feedstocks in manufacturing a limited number of its products. The Company believes it is one of the largest purchasers of castor oil in the United States, and has the ability to take delivery and store a large quantity of castor oil on site. Castor oil is used primarily in the manufacture of the Company's polymer systems for coatings, telecommunication, and electronic applications. Under advantageous market conditions, the Company sells this commodity in bulk quantities as simple castor oil derivatives. Castor oil, which is not produced in the United States, is an agricultural product, the market price of which is affected by natural factors relating to the castor bean crop from which the oil is produced. Castor oil is produced commercially in a few foreign countries, with India currently being the largest exporter. The Company has been able to obtain adequate supplies of castor oil generally at acceptable prices in the past and expects to be able to continue to do so in the future.

Pyridine, which accounted for 6%, 7% and 8% of gross revenues in 1998, 1997 and 1996, respectively, is produced by the Company by a process involving the high temperature reaction of acetaldehyde, formalin and ammonia. Acetaldehyde is available from one supplier in North America. The price of acetaldehyde decreased

approximately 12% during 1998 after increasing 13% in 1997. Formalin's feedstock is methanol, which experienced decreased prices in 1998 compared to 1997 due to higher natural gas inventories caused by warmer weather (methanol is made from natural gas). The Company obtains acetaldehyde and formalin pursuant to long-term supply contracts under which the price for the raw material adjusts to market conditions, with a time lag.

For the biotechnology products, the Company buys materials from many suppliers and is generally not dependent on any one supplier or group of suppliers. Nonetheless, although there is a well-established market for raw fetal bovine serum, its price and supply are cyclical and fluctuate.

The other key raw materials used by the Company are advanced organic intermediates and generally have been in adequate supply from multiple suppliers.

RESEARCH AND DEVELOPMENT

The Company's research and development program is designed to increase the Company's competitiveness through improving its technology and developing processes for the manufacture of new products to meet customer requirements. The goals are to improve the Company's manufacturing processes so as to reduce costs, improve quality and increase capacity; and to identify market opportunities which warrant a significant technical effort, and offer the prospects of a long-term, profitable business relationship. Research and development activities are performed at most of the Company's manufacturing facilities in both the United States and Europe. Approximately 130 employees are involved directly in research and development activities worldwide.

In February, 1997, the Company signed a cooperative agreement with Albany Molecular Research, Inc. of Albany, New York. The Company has and will continue to provide Albany Molecular Research financial support to develop processes specifically designed to fit into the Company's cGMP manufacturing facilities. In May, 1997, the Company formed an alliance with Fine Tech Ltd., of Technicon City, Israel, in which the Company has and will continue to provide Fine Tech funding over the next three years for process improvement on existing and newly-developed generic drugs to be manufactured in the Company's cGMP facilities. There have been three products brought to market as a result of these alliances and agreements, and the Company is evaluating several other products for possible commercialization. The estimated commitments for the research and development agreements over the next three years is approximately $1,300.

The Company spent approximately $14,000, $10,600 and $9,200 in 1998, 1997 and 1996, respectively, on research and development efforts. The Company also incurred a one-time non-cash expense of $14,000 in 1997 related to the value of in-process research and development efforts underway at the time of the acquisition of BioWhittaker.

PATENTS AND TRADEMARKS

The Company has patent protection in some of its product areas. However, the Company relies primarily on know-how in many of its manufacturing processes and techniques not generally known to other chemical companies for developing and maintaining its market position.

The Company currently owns approximately 135 United States patents which have various expiration dates beginning in 1999 through 2015 and which cover selected items in each of the Company's major product areas. The Company also owns the foreign equivalent of many of its United States patents. In addition, the Company has applied for patents for various concepts and is in the process of preparing patent applications for other concepts. In conjunction with the acquisition of BioWhittaker, the Company acquired patent and other proprietary rights, which are material to the endotoxin detection products, allergy tests kits and the ELVIS(TM) cell culture products.

The Company has trademarks registered in the United States and a number of foreign countries for use in connection with the Company's products and business. The Company believes that many of its trademarks are generally recognized in its industry. Such trademarks include Naturechem(R), Bufferite(R), Vitride(R), Clonetics(R), Auto-LAL(TM) and ELVIS(TM).

The Company requires employees to sign confidentiality and non-compete agreements where appropriate.

COMPETITION

Because of the nature of the Company's products in its Human Health and Animal Health/Agriculture segments and its strategic approach, it is not possible to identify a group of direct competitors. Where competition exists, it is typically specific to a certain product, or is focused early in the process, when an initial market position is being established. If the Company perceives significant competitive risk and a need for large technical or financial commitment, it generally negotiates long-term contracts or capital guarantees from its targeted customer before proceeding.

In the Biotechnology segment, no one company is known to compete with the Company in all of its product groups, but in each group competition is offered by a number of companies, including, in some cases, firms substantially larger and with greater financial resources than the Company. The markets in which the Company competes are generally concentrated and are highly competitive, with competition centering on product specifications, quality, depth of product line, price, technical support, timely product development and speed of delivery.

Competition for the Company's Specialty Business segment is more typical of chemical markets. Competition exists from other producers of the Company's products and from other products that may offer equivalent properties. Competition in these areas are generally based on customer service, product quality and pricing.

ENVIRONMENTAL AND SAFETY REGULATIONS AND PROCEEDINGS

General: Production of certain of the Company's products involves the use, storage and transportation of toxic and hazardous materials. The Company's operations are subject to extensive international and domestic federal, state and local laws and regulations relating to the storage, handling, emission, transportation and discharge of materials into the environment and the maintenance of safe conditions in the work place. The Company maintains environmental and industrial safety and health compliance programs at its plants, and believes that its manufacturing operations are in general compliance with all applicable safety, health and environmental laws.

The Company's acquisitions were made subject to known environmental conditions. Also, as with other companies engaged in the chemical business, risks of substantial costs and liabilities are inherent in certain plant operations and certain products produced at the Company's plants. Additionally, prevailing legislation tends to hold chemical companies primarily responsible for the proper disposal of their chemical wastes even after transferal to third party waste disposal facilities. Moreover, other future developments, such as increasingly strict environmental, safety and health laws and regulations, and enforcement policies thereunder, could result in substantial costs and liabilities to the Company and could subject the Company's handling, manufacture, use, reuse, or disposal of substances or pollutants at its plants to more rigorous scrutiny than at present. Although the Company has no direct operations and conducts its business through subsidiaries, certain legal principles that provide the basis for the assertion against a parent company of liability for the actions of its subsidiaries may support the direct assertion against the Company of environmental liabilities of its subsidiaries.

Known environmental matters which may result in liabilities to the Company and the related estimates and accruals are summarized in Note #22 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements.

Present and Future Environmental Expenditures: The Company's policy is to comply with all legal requirements of applicable environmental, health and safety laws and regulations. The Company believes it is in general compliance

with such requirements and has adequate professional staff and systems in place to remain in compliance. In some cases, compliance can only be achieved by capital expenditures, and the Company made capital expenditures of approximately $2,900 in 1998, $2,800 in 1997, and $4,800 in 1996 for environmental projects. The Company anticipates that capital requirements will increase in subsequent years as a result of the Clean Air Act Amendments and other pending environmental laws. Additionally, as the environmental proceedings in which the Company is involved progress from the remedial investigation and feasibility study stage to implementation of remedial measures, related expenditures will most likely increase. The Company considers costs for environmental compliance to be a normal cost of doing business, and includes such costs in pricing decisions.

EMPLOYEES

At December 31, 1998 the Company had 1,750 employees worldwide (600 of whom were from international operations) compared with 1,790 employees at December 31, 1997 and 1,292 at December 31, 1996.

All hourly plant employees at the Bayonne, New Jersey facility are represented by Local 8-406 of the Oil, Chemical and Atomic Workers International Union under a contract expiring September 17, 2001; the hourly plant employees at the Carlstadt, New Jersey plant are represented by the Amalgamated Industrial Union of East Orange, New Jersey under a contract expiring November 30, 2000; and the hourly plant employees at the Harriman, New York facility are represented by Local 810 of the International Brotherhood of Teamsters under a contract expiring June 30, 2001. Nordic and Profarmaco production, administration, scientific and technical employees are represented by various local and national unions. The contracts with these unions expire at various times through December 31, 1999. The Company believes its labor relations are satisfactory, and will begin negotiations for the renewal of contracts expiring in 1999.

SEASONALITY

Like many other businesses in the life sciences and specialty chemicals industry, the Company experiences some seasonality. Operating results for any quarter, however, are not necessarily indicative of results for any future period. In particular, as a result of various factors such as acquisitions and plant shutdowns, the Company believes that period-to-period comparisons of its operating results should not be relied upon as an indication of future performance.

EXPORT AND INTERNATIONAL SALES

The Company exports numerous products to various areas, principally Western Europe, Asia and Latin America. Export sales from the Company's domestic operations in 1998, 1997 and 1996 amounted to $64,174, $48,852, and $50,243, respectively. Sales from international operations were $156,844 in 1998, $152,079 in 1997, and $151,466 in 1996. Refer to Note #20 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements.

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(dollars in thousands, except share data)

ITEM 2 PROPERTIES.

Set forth below is information relating to the Company's manufacturing facilities:

LOCATION	ACREAGE	OPERATING SUBSIDIARY	PRODUCT LINES MANUFACTURED

Bayonne, NJ.....	8 acres	CasChem	Personal Care Ingredients; Biomedicals; Performance Enhancers; Polymer Systems
Carlstadt, NJ.....	3 acres	Cosan	Performance Enhancers; Polymer Systems
Harriman, NY.....	29 acres	Nepera	Active Pharmaceutical Ingredients Personal Care Ingredients; Vitamin B3; Agriculture Ingredients; Performance Enhancers
Delaware Water Gap, PA.....	12 acres	Heico	Active Pharmaceutical Ingredients; Chiral Technology; Performance Enhancers; Polymer Systems
North Haven, CT.....	4 acres	Humphrey	Performance Enhancers
Charles City, IA.....	57 acres	Salsbury	Active Pharmaceutical Ingredients; Pharmaceutical Intermediates; Imaging Chemicals; Animal Health Products Performance Enhancers
Zeeland, MI.....	14 acres	Zeeland	Pharmaceutical Intermediates; Catalysts; Chiral Technology; Performance Enhancers
Walkersville, MD.....	116 acres	BioWhittaker	Biotechnology
Verviers, Belgium.....	9 acres	BioWhittaker Europe	Biotechnology
Middlesbrough, England.....	12 acres	Seal Sands	Pharmaceutical Intermediates; Personal Care Ingredients; Catalysts; Agriculture Intermediates; Performance Enhancers; Polymer Systems
Karlskoga, Sweden.....	42 acres	Nordic	Active Pharmaceutical Ingredients; Pharmaceutical Intermediates; Imaging Chemicals; Personal Care Ingredients; Catalysts; Agriculture Intermediates; Performance Enhancers
Paullo (Milan), Italy.....	13 acres	Profarmaco	Active Pharmaceutical Ingredients

The Company owns all the above facilities and properties, with the exception of the twelve acre tract it leases in Middlesbrough, England. The Company also leases 18,000 square feet in Warren, NJ for its Chiragene facility. In addition, the Company owns thirty-one acres of undeveloped land adjacent to the North Haven facility, one hundred and three acres of undeveloped land adjacent to the Harriman facility, sixty-six acres of undeveloped land adjacent to the Zeeland facility and eighty-one acres used as grazing fields for the Company's animals in Walkersville, Maryland. The Company believes its facilities to be in good condition, well maintained and adequate for its current needs.

Most of the Company's products are manufactured in multi-purpose facilities. Each product has a unique requirement for equipment, and occupies such equipment for varying amounts of time. This, combined with the variations in demand for individual products, makes it difficult to estimate actual overall capacity subject to regulatory approval. It is generally possible to transfer the manufacturing of a particular product to another facility should capacity constraints dictate. However, the Company's pyridine and arsenical feed additive

product groups are each manufactured at a single facility, and production of such products would not be transferable to another site.

The Company plans to continue to expand capacity to meet growing needs by process improvements and construction of new facilities where needed.

ITEM 3 LEGAL PROCEEDINGS.

See "Environmental and Safety Regulations and Proceedings" under Item 1 and Note #22 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements with respect to various proceedings involving the Company in

(dollars in thousands, except share data)

connection with environmental matters. The Company is party to a number of other proceedings also discussed in Note #22. Management is of the opinion that while the ultimate liability resulting from those proceedings, as well as environmental matters, may have a material effect upon the results of operations in any given year, they will not have a material adverse effect upon the Company's liquidity nor its financial position.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 10 EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table lists the executive officers of the Company and the group executives of the Company's operating subsidiaries:

NAME	AGE	OFFICE(1)
James A. Mack	61	President and Chief Executive Officer
Douglas H. MacMillan	52	Vice President and Chief Financial Officer
Peter E. Thauer	59	Vice President, Law & Environment General Counsel & Corporate Secretary
Steven M. Klosk	41	Executive Vice President, Administration
Claes Glassell	47	Vice President, Cambrex President, Pharmaceutical and Fine Chemicals Group
Salvatore J. Guccione	36	Vice President, Corporate Development
Ronnie D. Carroll	58	Vice President, Technology
Thomas N. Bird	54	Vice President, Cambrex President, Biotechnology Group
John V. Van Hulle	41	Vice President, Cambrex President, Specialty Chemicals Group
Cyril C. Baldwin, Jr.	71	Chairman of the Board

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(1) Unless otherwise indicated, positions shown are with the Company.

The Company's executive officers are elected by the Board of Directors and serve at the Board's discretion.

Mr. Mack has been Chief Executive Officer since Mr. Baldwin's retirement on April 1, 1995. Mr. Mack was appointed President and Chief Operating Officer and a director of the Company in February 1990. For five years prior thereto he was Vice President in charge of the worldwide Performance Chemicals businesses of Olin Corporation, a manufacturer of chemical products, metal products, and ammunition and defense-related products. Mr. Mack was Executive Vice President of Oakite Products, Inc. from 1982 to 1984. Prior to joining Oakite, he held various positions with The Sherwin-Williams Company, most recently as President and General Manager of the Chemicals Division from 1977 to 1981. Mr. Mack is a past Chairman of the Board of

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(dollars in thousands, except share data)

Governors of the Synthetic Organic Chemical Manufacturing Association and is a member of the Board of Trustees of the Michigan Tech Alumni Fund.

Mr. MacMillan was appointed Vice President and Chief Financial Officer in April 1997. He was most recently Vice President, Chief Financial Officer for Morgan Products, Ltd., a manufacturer and distributor of building products traded on the New York Stock Exchange. Prior to his work with Morgan Products, he was Chief Financial Officer of Varlen Corporation, a manufacturer of petroleum analysis and automotive and scientific instruments.

Mr. Thauer was appointed Vice President, Law & Environment in December 1992, and General Counsel and Corporate Secretary in August 1989. From 1987

until he joined Cambrex, he was Counsel to the business and finance group of the firm of Crummy, Del Deo, Dolan, Griffinger and Vecchione. From 1971 to 1987, Mr. Thauer had held various positions with Avon Products, Inc., including U.S. Legal Department Head and Corporate Assistant Secretary.

Mr. Klosk was appointed Executive Vice President, Administration in October 1996. Mr. Klosk joined the Company in October 1992 as Vice President, Administration. From February 1988 until he joined Cambrex, he was Vice President, Administration and Corporate Secretary for The Genlyte Group, Inc., a lighting fixture manufacturer. From 1985 to January 1988, he was Vice President, Administration for Lightolier, Inc., a subsidiary of The Genlyte Group, Inc.

Mr. Glassell assumed the position of President, Pharmaceutical and Fine Chemicals Group in July 1998. Mr. Glassell was appointed President, International in November 1997. Mr. Glassell was appointed Vice President of Cambrex in November 1994. After extensive management experience at Nordic and Profarmaco, he joined Cambrex as a result of the 1994 acquisition of Nordic and Profarmaco. In 1989, he joined Nordic as President and CEO for Nordic's Chemistry Business. From 1986 to 1989, he worked for the agricultural division of Berol Europe Ltd.

Mr. Guccione joined the Company in December 1995 as Vice President, Corporate Development. Prior to joining the Company, from 1993 to 1995, he held the position of Vice President and General Manager of the International Specialty Products (ISP) Personal Care Division. He also served as Director of Corporate Development for ISP.

Dr. Carroll joined the Company in September 1997 as Vice President, Technology. Mr. Carroll had been with Bristol-Myers Squibb for 14 years, most recently as Vice President, Chemical Development for Bristol-Myers Squibb Technical Operations. Prior to working for Bristol-Myers Squibb, Dr. Carroll was with Pfizer, Inc. in Groton, CT.

Mr. Bird was appointed President, Biotechnology Group in July 1998. Mr. Bird joined the Company in June 1997, as President of Nepera, Inc. He was previously President of the consulting firm of Bavier, Bulgar and Goodyear since 1994. Prior to that, Mr. Bird maintained various vice presidential positions with Commercial Intertech Corporation in their Fluid Purification Group.

Mr. Van Hulle assumed the position President, Specialty Chemicals Group effective July 1998. Mr. Van Hulle was appointed President of the Specialty Chemicals Group in November 1997. Mr. Van Hulle was appointed President of CasChem, Inc. and Cosan Chemical Corporation in December 1994. He joined CasChem in July 1994 as Executive Vice President. For more than five years prior thereto he was General Manager of the Fine Chemicals Group for General Chemical Corporation, and had extensive experience with Air Products & Chemicals, Inc.

Mr. Baldwin has been Chairman of the Board since July 1991, and a director of the Company since it began business in December 1981. On January 26, 1995, Mr. Baldwin announced his retirement, effective April 1, 1995, as Chief Executive Officer of the Company, a position he also held since December 1981. Mr. Baldwin retired as an employee of the Company effective April 30, 1995. He is a member of the

Environmental and Governance Committees of the Company's Board of Directors, and he is a director of Church & Dwight Co., Inc. and Congoleum Corporation.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Effective March 5, 1998 the Company's Common Stock, $.10 par value, was

listed on the New York Stock Exchange (NYSE), continuing under the symbol CBM. From November 15, 1990 to March 5, 1998, the Company's Common Stock had been traded on the American Stock Exchange (AMEX). The Common Stock previously had been quoted on the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market System. The following table sets forth the closing high and low sales prices of the Common Stock as reported on NYSE:

1998	HIGH	LOW
First Quarter	$25 1/4	$21
Second Quarter	29 7/16	25 3/8
Third Quarter	28 3/16	22 13/16
Fourth Quarter	29	19 5/8

1997	HIGH	LOW
First Quarter	$19 1/16	$16
Second Quarter	19 7/8	16 7/16
Third Quarter	26 3/16	19 13/16
Fourth Quarter	24 7/8	21 13/16

As of March 13, 1999, the Company estimates that there were approximately 4,372 beneficial holders of the outstanding Common Stock of the Company.

The quarterly dividend on common stock was $0.03 and $.025 per share for 1998 and 1997.

ITEM 6 SELECTED FINANCIAL DATA.

The following selected consolidated financial data of the Company for each of the years in the five year period ended December 31, 1998 are derived from the audited financial statements. The consolidated financial statements of the Company as of December 31, 1998 and December 31, 1997 and for each of the years in the three year period ended December 31, 1998 and the accountants' reports thereon are included elsewhere in this annual report. The data presented below should be read in conjunction with the financial statements of the Company and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

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(dollars in thousands, except share data)

	YEARS ENDED DECEMBER 31,				
	1998(1)	1997(2)(3)	1996	1995	1994(4)
	(IN THOUSANDS, EXCEPT PER-SHARE DATA)				
INCOME DATA:					
Gross sales	$441,683	$380,083	$369,479	$368,070	$249,683
Net revenues	457,241	374,215	359,385	357,176	241,634
Gross profit	163,417	113,962	101,336	99,780	57,881
Selling, general and administrative	76,594	52,688	45,879	47,751	31,216
Research and development	13,956	10,600	9,183	7,526	5,689
Non-recurring in-process R&D					

charge	--	14,000	--	--	--
Operating profit	72,867	36,674	46,274	44,503	20,976
Interest expense, net	10,227	5,330	5,799	10,508	4,581
Other (income) expense, net	945	(1,263)	(194)	2,779	(497)
Income before taxes	61,695	32,607	40,669	31,216	16,892
Net income	39,102	17,776	28,225	19,670	11,126
EARNINGS PER SHARE DATA:					
Earnings per common share and common share equivalents:					
Basic	$ 1.62	$ 0.75	$ 1.22	$ 1.03	$ 0.71
Diluted	$ 1.54	$ 0.73	$ 1.19	$ 0.98	$ 0.66
Weighted average shares outstanding:					
Basic	24,194	23,627	23,214	19,078	15,750
Diluted	25,412	24,419	23,792	20,106	17,022
DIVIDENDS PER COMMON SHARE	$ 0.11	$ 0.10	$ 0.09	$ 0.07	$ 0.07
BALANCE SHEET DATA: (at end of period)					
Working capital	$156,297	$116,743	$ 62,912	$ 69,865	$ 19,925
Total assets	617,054	552,426	404,444	402,553	360,477
Long-term obligations	191,372	194,325	60,152	99,643	115,975
Total stockholders' equity	276,853	225,954	229,045	189,484	101,966

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(1) Includes royalty income of $19,298 in net revenues related to a technology license agreement with Mylan Laboratories for the use of intellectual property.

(2) Includes the results of BioWhittaker, Inc. from the date of acquisition effective October, 1997.

(3) Includes the non-recurring charge for in-process research and development associated with the acquisition of BioWhittaker.

(4) Includes the results of Seal Sands, Nordic and Profarmaco from their respective dates of acquisition, January 31, 1994 and October 12, 1994 and October 12, 1994, through December 31, 1994.

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(dollars in thousands, except share data)

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items from the selected consolidated financial information as a percentage of gross sales.

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Gross sales	100.0%	100.0%	100.0%
Net revenues	103.5*	98.5	97.3
Gross profit	37.0	30.0	27.4
Selling, general and administrative	17.3	13.9	12.4
Research and development	3.2	2.8	2.5
Non-recurring in-process R&D charge	--	3.6	--
Operating profit	16.5	9.6	12.5
Interest expense	2.3	1.4	1.6
Other (income) expense, net	0.2	(0.3)	(0.1)
Net income	8.9	4.7	7.6

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* Includes royalty income of $19,298.

The Company's product mix has changed over the periods indicated, principally due to the BioWhittaker acquisition and management's continued focus on higher value pharmaceutical products.

The following tables show the gross sales of the Company's four segments, in dollars and as a percentage of the Company's total gross sales for the years ended December 31, 1998, 1997 and 1996, as well as the gross profit by product category for 1998 and 1997.

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
GROSS SALES			
Human Health	$194,766	$182,818	$174,398
Biotechnology	65,968	13,577	--
Animal Health/Agriculture	56,285	59,804	61,560
Specialty Business	124,664	123,884	133,521
Total Gross Sales	$441,683	$380,083	$369,479
Total Net Revenues	$457,241*	$374,215	$359,385
Total Gross Profit	$163,417	$113,962	$101,336

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* Includes royalty income of $19,298.

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
GROSS SALES DISTRIBUTION			
Human Health	44.1%	48.1%	47.2%
Biotechnology	14.9%	3.6%	0.0%
Animal Health/Agriculture	12.8%	15.7%	16.7%
Specialty Business	28.2%	32.6%	36.1%
Total Gross Sales Distribution	100.0%	100.0%	100.0%

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(dollars in thousands, except share data)

1998-1997 GROSS SALES & GROSS PROFIT BY PRODUCT CATEGORY

	GROSS SALES	1998 GROSS PROFIT $	PROFIT %
Human Health	$194,766	$ 92,441*	47.5%
Biotechnology	65,968	32,321	49.0%
Animal Health/Agriculture	56,285	11,557	20.5%
Specialty Business	124,664	27,098	21.7%
Total	$441,683	$163,417	37.0%

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*Includes royalty income of $19,298.

	GROSS SALES	1997 GROSS PROFIT $	GROSS PROFIT %
Human Health	$182,818	$ 67,779	37.1%
Biotechnology	13,577	6,696	49.3%
Animal Health/Agriculture	59,804	10,621	17.8%
Specialty Business	123,884	28,866	23.3%
Total	$380,083	$113,962	30.0%

1998 Compared to 1997

Gross sales in 1998 were $61,600 (16%) above 1997. Increases occurred in Human Health and Biotechnology. Animal Health/Agriculture products decreased compared to 1997, and the Specialty Business was at the same level as the prior year.

The effect of foreign currency exchange rates on gross sales for the year resulted in a negative impact on sales of $2,026 compared to 1997. Gross sales for 1998 would have been $443,709 using 1997 exchange rates compared to 1997 sales of $380,083.

The Human Health Segment gross sales of $194,766 were $11,948 (7%) above 1997. This segment's increases were in Active Pharmaceutical Ingredients, which were up $9,998 (9%), Pharmaceutical Intermediates, up $1,414 (6%) and Chiral Technology, up $1,815 (49%). Imaging Chemicals (X-Ray Media) were down $3,438 (20%) from 1997.

Active Pharmaceutical Ingredient sales of $120,459 were $9,998 (9%) above the prior year due to strong demand for our gastro-intestinal products used for treating ulcerative colitis, and also due to shipments of a new anti-asthma drug and other new products. Active Pharmaceutical Ingredients include active ingredients used in products for gastro-intestinal, cardiovascular, endocrine, central nervous system, respiratory, diuretics, anti-infective, anti-inflammatory, immunology and various other uses. Pharmaceutical Intermediate sales of $24,844 were $1,414 (6%) above 1997 due to new products used in migraine medicine and central nervous system applications. These increases were partially offset by lower sales of aminodioxepin (AOA), a drug intermediate used in the production of a protease inhibitor for the treatment of AIDS, due to the demand for the end-use drug leveling off primarily from the filling of the distribution pipeline. Chiral Technology product sales of $5,548 were $1,815 (49%) above 1997 due to the sales from the acquisition of the chiral intermediates business (Chiragene) from Celgene Corporation in January 1998. Imaging Chemical (X-Ray Media) sales of $14,179 were $3,438 (20%) below the prior year due to a customer reducing inventories, and another customer deciding to manufacture on a captive basis. A third customer established a backup supplier as was permitted under a 5-year supply agreement, which further reduced sales. Other product category changes from prior years were not significant.

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The Biotechnology Segment gross sales of $65,968 are from the Company's BioWhittaker subsidiary which was acquired in the fourth quarter of 1997, and include their first full year sales as a Cambrex subsidiary. This segment

(dollars in thousands, except share data)

consists principally of cell culture products, including living cell cultures, cell culture media and cell culture media supplements, as well as endotoxin detection products.

Sales for 1998 from cell culture products were $43,795 and sales from endotoxin detection products were $18,852.

The Animal Health/Agriculture Segment gross sales of $56,285 were $3,519 (6%) below the 1997 level with decreases in Agricultural Intermediates of $4,313 (down 14%). Vitamin B(3) was $651 (up 5%) above 1997 and Animal Health products were at the same level as 1997.

Vitamin B(3) sales of $12,814 were $651 (5%) above 1997 due to price increases put in place in late 1997 and volume increases to customers. Animal Health sales of $17,614 was at the same level as 1997. Sales of organo-arsenical feed additives, the largest product in Animal Health, remained at 1997 levels. Agricultural Intermediate sales of $25,857 were down $4,313 (14%) due to reduced demand for crop protection products directly related to the economic conditions in Asia.

The Specialty Business Segment gross sales of $124,664 increased $780 (1%) above 1997. Sales of Performance Enhancing Chemicals of $81,853 were at 1997 levels and Polymer System sales of $42,811 were $567 (1%) above 1997.

Performance Enhancing Chemical sales include over 100 products used in photography, pigments, specialty polymers, fuel/or additives, catalysts, and other specialty additives. Key sales increases resulted from increases in THPE, a polycarbonate additive, with growth in export markets, and in castor oil based products and were offset by decreases in photographic products. Polymer System sales of $42,811 were $567 (1%) above 1997, due to increased demand for a monomer used in high performance plastics offset by decreases in coating products. Export sales from U.S. businesses of $64,174 in 1998 compared to $48,852 in 1997.

Export sales from U.S. businesses were at $64,174 compared with $48,852 in 1997. International sales, comprised of all sites from our operations in Europe, totaled $156,844 as compared with $152,079 in 1997.

Total gross profit of $163,417 was $49,455 above 1997 due mainly to the inclusion of the Biotechnology Segment for a full year, and the effect of royalty income of $19,298. (The 1997 gross profit included $1,000 in royalty income). The gross margin for all product segments excluding the royalty income was 32.6% up from 29.7% in 1997. The reduced gross margin in the Specialty Business segment was due to higher sales of low margin commodity castor oil. The gross margin for the Human Health Segment (excluding the royalty income) was $73,143 (37.6%) in 1998 versus $66,779 (36.5%) in 1997 due to the general mix of sales.

The royalty income discussed above relates to a technology license agreement signed in late 1997 with Mylan Laboratories for the use of intellectual property related to three pharmaceutical ingredients. The company has been advised that Mylan will no longer enforce its exclusive access to the technology. The royalty arrangements under the agreements have also concluded. As previously reported, the company's exclusive license agreement is the subject of various lawsuits. The company has begun to sell these products on a non-exclusive basis in first quarter 1999. The Company anticipates that it will be able to replace a substantial portion of royalty revenues through sales with additional customers and price increases.

Selling, general and administrative expenses as a percentage of gross sales was 17.3% in 1998, up from 13.9% in 1997. The increase is mainly due to the inclusion for the full year 1998 of the Biotechnology Segment acquired in the fourth quarter 1997, Chiragene acquired in January 1998 and the third quarter 1998 restructuring charge of $1,400. Excluding the effect of the Biotechnology Segment for the first nine months of 1998, the restructuring charge taken in the third quarter 1998, and the Chiragene expenses, SG&A expenses were $59,144 (13.4% of gross sales) versus $52,688 (13.7% of gross sales) in 1997. The Company incurred a restructuring charge of $1,400 which includes the

non-recurring costs resulting from the consolidation of administrative and management functions and resulted in the reduction of 44 employees. These costs are

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(dollars in thousands, except share data)

primarily related to severance paid to terminated employees. In addition, certain actions were taken in the third quarter of 1998 for the acquisition reorganization plan at our BioWhittaker facility of approximately $1,400 for the termination of 28 employees. This plan was part of the final purchase accounting adjustments made in the third quarter 1998. In addition, BioWhittaker favorably concluded a patent infringement dispute and has received a cash payment of approximately $5,400 in 1998. This settlement, as well as the settlement of other acquisition contingencies of approximately $1,600, are part of the final purchase accounting adjustments in the third quarter 1998. As a result of finalizing the purchase accounting, the net impact on goodwill, including the tax effect, was a reduction of approximately $900. The Company conducts periodic reviews of its environmental and litigation matters, prepares estimates of the range of potential future costs of each matter wherever possible, and adjusts the accruals for environmental contingencies as circumstances warrant. In 1998, the Company incurred an additional $1,799 in environmental costs and reversed $800 from the reserve, thereby decreasing the total reserve by $2,599.

Research and Development expenses of $13,956 were 3.2% of gross sales in 1998, and represented a 32% increase from 1997. This increase was mainly due to the inclusion of BioWhittaker for a full year, the acquisition of Chiragene in January 1998, and increased corporate commitment to underwrite spending on outside contract research.

The operating profit in 1998 was $72,867 versus $50,674 in 1997 (excluding the effect of the non-recurring charge for in-process research and development of $14,000 in 1997).

Net interest expense of $10,227 in 1998 reflected an increase of $4,897 from 1997. This increase was due to the financing of the acquisition of BioWhittaker and Chiragene. The average interest rate was 6.5% in 1998 versus 6.8% in 1997.

Other expense of $945 for 1998 was $2,208 higher than the $1,263 of other income in 1997. The year 1997 included a one-time gain of $954 on a foreign currency denominated loan. Also included in other expense for 1998 were asset write-offs at our Zeeland, Michigan facility of $522.

The year 1998 included a one-time charge of $3,420 in income taxes for the Italian Substitute Tax election, which was made in the second quarter of 1998. This election allows previously non-deductible goodwill of Cambrex's Italian subsidiary, Profarmaco, S.r.l., to be deducted. This one-time charge will have a total future tax benefit in the years 1999 to 2004 of approximately $8,000.

The provision for income taxes for 1998 resulted in an effective rate of 31% (excluding the Italian Substitute Tax) versus 32% in 1997 (excluding the effect of the non-recurring charge for in-process research and development of $14,000 in 1997).

The Company's net income for 1998 increased to $39,102 compared with a net income of $31,776 in 1997 (excluding the effect of the non-recurring charge for in-process research and development of $14,000 in 1997).

1997 Compared to 1996

Gross sales in 1997 were $10,604 above 1996. Increases in Human Health were offset by lower sales in our Animal Health/Agriculture and Specialty Business categories. Biotechnology sales (from the acquisition of BioWhittaker in the fourth quarter 1997) were $13,577.

The effect of foreign currency exchange rates on gross sales for the year resulted in a reduction in sales of $8,551 compared to 1996. Gross sales for 1997 would have been $388,634 using 1996 exchange rates compared to 1996 sales of $369,479.

The Human Health Segment gross sales of $182,818 were $8,420 (5%) above 1996. Increases in Active Pharmaceutical Ingredients of $6,652, Pharmaceutical Intermediates of $7,119, and Personal Care of $2,150, more than offset lower Imaging Chemicals (X-Ray Media) of $5,407.

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(dollars in thousands, except share data)

Active Pharmaceutical Ingredient sales of $110,461 were $6,652 (6%) above 1996 due mainly to the introduction of a new generic product in the Japanese market used as an anti-ulcerative, which resulted in new product sales of $6,264 in 1997. This increase was also attributable to sales of Isosorbide-5-mononitrate, used as a vasodilator in cardiovascular pretreatments, which had strong volume growth in 1997. Pharmaceutical Intermediate sales of $23,430 were $7,119 (44%) above 1996 due to the effect of sales of an advanced intermediate of a new protease inhibitor for AIDS treatment, and the manufacture of Aminopyridine, used in a variety of pharmaceutical products. Personal Care Ingredient sales of $16,453 were $2,150 (15%) above 1996, due to higher sales of several smaller products manufactured and sold to the European market.

The Biotechnology Segment gross sales of $13,577 are from BioWhittaker since the date of acquisition. Their products include cell culture and endotoxin detection products.

The Animal Health/Agriculture Segment gross sales of $59,804 were $1,756 (3%) below 1996. Animal Health sales decreased $678, Agricultural Intermediate sales decreased $1,501, but Vitamin B(3) sales increased $423.

Vitamin B(3) sales of $12,163 increased 4% as compared to 1996 with volume increases in Europe partially offset by decreased pricing due to competitive pressure. Animal Health Product sales were $17,471, down 4% from 1996, mainly due to a decision to exit a low margin poultry additive. Agricultural Intermediate sales of $30,170 decreased $1,501 (5%) from 1996. The decrease was due to the unusual amount of a pyridine derivative used in the manufacture of herbicides shipped in 1996 under a renegotiated contract. The shipments in 1997 returned to normal levels. Pyridine, which is the largest agriculture product , was at 1996 levels.

The Specialty Business Segment gross sales of was $123,884, decreased $9,637 (7%) from 1996. Performance Enhancing Chemical sales of $81,640 were down 7% compared to 1996 and Polymer System sales of $42,244 were down 8% from 1996.

Performance Enhancing Chemical sales decreased $5,755 (7%). Pyridine derivatives returned to pre-1996 sales as the result of decreased demand in the Asian market. Photographic product sales decreased due to the expected reduction in volume by one-half of normal levels from a key customer. Polymer System sales of $42,244 decreased $3,881 (8%) as compared to 1996. Sales of engineering plastics decreased $2,000 (24%) from 1996 due to a major customer losing to a competitor their largest market of a product used in producing high performance plastics mainly used in the electronics industry. Coatings decreased $1,217 (6%) from 1996 due to reduced sales of low margin castor based products as a result of management's decision to focus on higher margin products, and Telecommunications product sales decreased $665 (4%) from 1996 primarily as a result of a major customer's decision to change their specification of an encapsulant product, but it took some time for customers to reduce existing inventories.

Export sales from U.S. businesses were at $48,852 compared with $50,243 in 1996. International sales, comprised of all sales from our operations in Europe,

totaled $152,079 as compared with $151,466 in 1996.

Total gross profit in 1997 increased to $113,962, resulting in a higher gross margin percentage of 30.0% of gross sales compared with 27.4% in 1996. The gross margin increase was due to an improved product mix of sales to include higher active pharmaceutical ingredients and new pharmaceutical intermediates, production efficiencies, and increased plant throughput, in line with management's continued focus on higher performing, more profitable product lines. Excluding the BioWhittaker acquisition, the gross margin would have been 29.3%.

Selling, general and administrative expenses as a percentage of gross sales were 13.9% in 1997, up from 12.4% in 1996. The 1997 expense of $52,688 was $6,809 (15%) above 1996 primarily due to addition of BioWhittaker in the fourth quarter 1997 and incremental expenses associated with tax planning strategies. Expenses were reduced by a $2,400 recovery of previously incurred environmental costs as a result of a settlement with a prior owner of one of the Company's operating facilities. The Company conducts periodic reviews of its environmental and litigation matters, prepares estimates of the range of potential future costs of

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(dollars in thousands, except share data)

each matter wherever possible, and adjusts the accruals for environmental contingencies as circumstances warrant. No adjustments were made to this reserve in 1997.

Research and development expenses of $10,600 were 2.8% of gross sales in 1997, and represented a 15% increase from 1996. A portion of this increase was due to costs associated with the Albany Molecular contract and the addition of BioWhittaker. As previously announced in November 1997, Cambrex recorded a charge of $14,000 in the fourth quarter 1997 for the value of in-process research and development at the time of the acquisition of BioWhittaker, Inc. which was completed on October 3, 1997. This charge, which is consistent with pharmaceutical industry practice, reflects the recognition of the value of the continuing efforts to develop new products in the biotechnology marketplace. These research and development projects were not commercially viable and had no alternative future use at the date of acquisition. Management intends to continue funding these projects, which will permit BioWhittaker to maintain its market leadership position.

The operating profit in 1997 was $36,674, including the non-recurring charge for in-process research and development of $14,000, versus $46,274 in 1996. Excluding the charge, operating profit would have been $50,674.

Net interest expense of $5,330 in 1997 reflected a decrease of $469 (8%) from 1996. The decrease was due to an average interest rate in 1997 of 6.8% compared to 7.4% in 1996 offset by the additional borrowings used to finance the BioWhittaker acquisition combined with an increase in the average outstanding debt.

Other income in 1997 was $1,263 compared with $194 in 1996. Other income included a gain of $954 on the settlement of a foreign denominated loan. Additionally, 1997 other income included the final resolution and receipt of the settlement proceeds due from the 1996 premature termination of a contract by the customer of $766, offset by a charge of $507 for the settlement of a legal matter reached during the year.

The provision for income taxes for 1997 resulted in an effective rate of 45.5%, which includes the $14,000 non-recurring charge for in-process research and development, versus 30.6% in 1996. The effective tax rate in 1997 would have been 31.8% excluding the $14,000 charge, which is not deductible for tax purposes. The 1997 effective tax rate is the result of continued tax planning efforts to minimize the impact of foreign taxes. In 1996, the Company recorded a

$1,500 reversal of tax reserves as a result of a settlement with the Internal Revenue Service related to audits for the years 1988 through 1991.

The Company's net income in 1997 was $17,776, including $14,000 for the non-recurring charge for in-process research and development, compared to $28,225 in 1996. Excluding this charge, net income in 1997 would have been $31,776.

1996 compared to 1995

Gross sales in 1996 were at the same level as 1995. Increases in the Human Health and Specialty Business Segment were offset by lower sales in our Animal Health/Agriculture Segment.

The Human Health Segment gross sales of $174,398 was $4,136 (2%) above 1995. Increased Imaging Chemicals (X-Ray Media) of $3,648, and Chiral Technology of $2,829, offset Pharmaceuticals Intermediates which decreased $3,459.

Active Pharmaceutical Ingredient sales were $103,809, the same level as 1995. The key products in this segment included gastrointestinal actives Sulfasalazine/mesalamin, used in the treatment of ulcerative colitis; cardiovasculars Diltiazem HcL and Sotalil Hcl; the endocrine preparation Glipizide; and respiratory Cromoglycate Sodium. Imaging Chemical sales (X-Ray media product), which include 5 NIPA compounds, of $23,024 increased $3,648 (19%) with the largest increase from one of our U.S. facilities, due to a shift in production by a major customer in 1996 from Europe to the U.S. Chiral Technology product sales of $5,537 increased $2,829 over 1995 due to the introduction of various new products. Pharmaceutical Intermediate sales of $16,311, decreased $3,459 (18%) due to the effect of the loss a significant customer contract and

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(dollars in thousands, except share data)

reduced demand for dextromethorphan intermediates (used in over-the-counter cough suppressants), partially offset by the initial sales of an advanced intermediate of a new protease inhibitor for AIDS treatment.

The Animal Health/Agriculture Segment gross sales of $61,560 was down $6,588 (10%) from 1995. This segment includes Vitamin B(3), Animal Health Products, and Agricultural Intermediates.

Vitamin B(3) sales of $11,740 decreased $6,774 (37%) due to reduced pricing and increased competition. Animal Health Product sales were $18,149, a decrease of 4% from 1995. Sales of organo-arsenical feed additives, the largest product in feed additives, was down 7% from 1995 due to escalated grain prices and increased price competition to end-users. Agricultural Intermediate sales of $31,671 increased $1,217 (4%) from 1995. The increase was due to the renegotiation of a contract for a pyridine derivative used in the manufacture of herbicides in the first quarter 1996. However, Pyridine, which is the largest product in crop protection, was down from 1995, due to a major customer purchasing at 1993 levels after two years (1994 and 1995) at above contract levels.

The Specialty Business Segment was $133,521 an increase of $3,859 (3%) from 1995. This segment includes Performance Enhancing Chemical sales of $87,395 up $7,111 (9%) from 1995 and Polymer System sales of $46,216 down $3,252 (7%) from 1995.

Performance Enhancing Chemical sales increased $7,111 over 1995. The key increases were pyridine derivatives shipments to world markets and customers not previously served, and gain in market share of PNBA, a pigment used in dyes and UV protection agents. Polymer System sales of $46,126 were down $3,252 from 1995. Telecommunications products decreased $4,901 from 1995 primarily as a result of the Company's strategic decision to no longer providing product to

Export sales from U.S. businesses were at $50,243 compared with $50,608 in 1995. International sales, comprised of all sales from our operations in Europe, totaled $151,466 as compared with $144,883 in 1995.

During 1996, a contract with our U.S. facility in Zeeland, Michigan was terminated prematurely by the customer. A settlement had been agreed upon that entitles the Company to payments in 1996 and for the next three years. Accordingly, the Company recognized income, net of related costs, of approximately $1,100 during 1996.

Total gross profit in 1996 increased to $101,336, resulting in a higher gross margin percentage of 27.4% of gross sales compared with 27.1% in 1995. The gross margin increase was due to an improved product mix of sales, production efficiencies, and increased plant throughput, in line with management's continued focus on higher performing, more profitable product lines.

Selling, general and administrative expenses as a percentage of gross sales were 12.4% in 1996, down from 13.0% in 1995. The 1996 expense of $45,879 was $1,872 (4%) below 1995 primarily due to lower legal and environment costs. Such reductions are the result of recoveries from third parties and reserve reversals that exceeded our outlays related to remediation programs in 1996. The Company conducts periodic reviews of its environmental and litigation matters, prepares estimates of the range of potential future costs of each matter wherever possible, and adjusts the accruals for environmental contingencies as circumstances warrant. In 1996, this accrual was reduced by $1,000 to reflect the Company's remaining estimated exposure.

Research and development expenses of $9,183 were 2.5% of gross sales in 1996, and represented a 22% increase from 1995. A portion of this increase was due to costs associated with the Oxford Asymmetry contract of $1,000.

The operating profit in 1996 increased to $46,274 from $44,503 in 1995 due to the improved gross margins and the aforementioned reductions in selling, general and administrative expenses.

Net interest expense of $5,799 in 1996 reflected a decrease of $4,709 (45%) from 1995. The decrease was due to strong cash flow and to the decreased outstanding debt as a result of the equity offering in mid-1995. The interest rate in 1996 was 7.4% compared to 7.7% in 1995.

Other income in 1996 was $194 compared with other expense of $2,779 in 1995. The difference included 1996 foreign currency transaction gains versus currency losses in 1995.

The provision for income taxes for 1996 resulted in an effective rate of 30.6% versus 37.0% in 1995. The Company recorded a $1,500 reversal of tax reserves as a result of a settlement with the Internal Revenue Service related to audits for the years 1988 through 1991. During January 1997, the Company implemented tax strategies which, based upon projected domestic and international taxable income, should have a favorable impact on the effective tax rate for 1997 and beyond. However, actual results could differ in the event of changes in tax regulations or deviations in projections.

The Company's net income increased 43.5% to $28,225 compared with a net income of $19,670 in 1995 primarily due to increased margins and reduced selling, general and administrative expenses and interest.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flow from operations was $80,686 for the year ended December 31,

1998 compared with $52,579 in 1997. The increase in cash flow is primarily due to increased revenues, as well as increased current liabilities and income taxes payable. Cash flows used in investing activities included capital expenditures of $43,007, the acquisition of the Chiragene facility and the acquisition of Boehringer Ingelheim Bioproduct Partnership (BIBP). Cash flows from financing activities included $10,325 in proceeds from the issuance of common stock due to the exercise of stock options offset by the payment of $2,658 in dividends and net repayment of debt of $4,836.

Capital expenditures were $43,007 in 1998, $35,935 in 1997 and $32,396 in 1996. The largest expenditures in 1998 were for new business projects and plant upgrades. The Company completed two new business projects to construct pilot plants at Salsbury and Zeeland which incorporate cGMP facilities. New business projects also included additional batch still capabilities and the start of construction of a new Niacinamide (Vitamin B(3)) plant at Nepera, as well as a new plant for a polymer product starting up in the second quarter 1999 at CasChem. Plant upgrades included an office relocation and expansion at Nordic which allowed several locations to be combined and the purchase of additional land adjacent to Profarmaco.

On September 16, 1997, the Company entered into a new five year Credit Agreement (the "Agreement") with a bank group headed by The Chase Manhattan Bank as Administrative Agent and The First National Bank of Chicago as Documentation Agent. The bank group has a total of 13 domestic banks and 7 international banks. The Agreement provides the Company with a $400,000 borrowing facility. The new Agreement replaces the previously existing Revolving Credit Agreement with NBD Bank, N.A.

Under this agreement, the Company has pledged 66% of the common stock of the Company's foreign subsidiaries as collateral. The Agreement permits the Company to choose between various interest rate options. Under the Agreement, the interest rate options available to the Company are: (a) U.S. Prime rate or (b) LIBOR plus the applicable margin (ranging from .225% to .5%) or (c) Competitive Bid at a LIBOR Rate Borrowing or a Fixed Rate Borrowing to be determined by auction. The applicable margin is adjusted based upon the Funded Indebtedness to Cash Flow Ratio of the Company. Additionally, the Company pays a commitment fee of between .15% to .25% on the entire portion of the Agreement.

On September 18, 1997, the Company utilized $60,000 of the Agreement in order to repay the then outstanding balance under the previously existing Revolving Credit Agreement. On September 30, 1997, the Company borrowed $126,000 to finance the acquisition of the outstanding common stock of BioWhittaker. Of this amount, $116,000 was utilized on September 30, 1997 to acquire the 93% of BioWhittaker shares which had been tendered at that date. The Company subsequently utilized the remaining portion to finance the acquisition of the remaining 7% of BioWhittaker on October 3, 1997.

The undrawn borrowing availability under the Agreement as of December 31, 1998 and 1997 was $210,000 and $207,400 respectively. There is $190,000 outstanding as of December 31, 1998. Management is

of the opinion that these amounts, together with cash flows from operations, are adequate for meeting the company's operating, financing and capital requirements.

Effective May 28, 1998, the Company's Board of Directors approved a two-for-one split of the Company's Common Stock, $0.10 par value, in the form of one additional share of Common Stock for each share held.

Management believes that existing sources of capital, together with cash flows from operations, will be sufficient to meet foreseeable cash flow requirements.

FINANCIAL INSTRUMENTS

The company is exposed to market risks arising from adverse changes in interest rates and foreign currency exchange rates. In the normal course of business, the company uses a variety of techniques and instruments, including derivatives, as part of its overall risk management strategy.

Currency Risk Management

The Company's primary market risk relates to exposure to foreign currency exchange rate fluctuations on transactions entered into by our international operations which are primarily denominated in the U.S. dollar, Deutsche mark and British pound sterling. The Company currently uses foreign currency forward exchange contracts and has used put and call options contracts in the past to mitigate the effect of short-term foreign exchange rate movements on the Company's operating results. The net notional amount of these contracts is $24,371 which the Company estimates to be approximately 56% of the foreign currency exposure during the period covered resulting in an unrealized currency loss of $66 at December 31, 1998.

Given the unlikely scenario that the collections match the forecast, and that all the collections move 10% against their local currencies, no more than $3,329 of pre-tax profits for a twelve month period would be at risk. This is based on a non-hedged risk of $33,290. This residual risk allows for an over-forecasting margin of error and prevents over hedging of actual operating risk. As of December 31, 1998, the combined non-local currency forecasted net collections amounted to $76,120. Offsetting this exposure are the expected $18,393 U.S. dollar intercompany payments from the combined European sites. The remaining $57,727 forecasted exposure was partially hedged ($24,437) with major banks through interest rate swaps to reduce the non-hedged risk to $33,290.

Interest Rate Management

The company's debt outstanding, and the interest paid to support the debt, has been relatively flat over the past year. Each of the interest rate options contained in the Revolving Credit Agreement includes floating rates. This arrangement has the advantage of making lower interest rates available in a declining market, however it also exposes the company to any upward swings in interest rates. For example, based on the Company's current level of debt outstanding, an interest rate increase of 100 basis points would increase interest expense and thus decrease the company's after-tax profitability by $1,235.

The Company has employed a plan to control interest rate risk. The plan allows the Company to pay a premium now in order to obtain a fixed interest rate at predetermined cost in the future. In effect, the premium, or swap, stabilizes interest costs by converting unpredictable variable interest rates to fixed rates. The swap market is currently offering fixed rates for the next two to five years at a small premium, between .10% and .25%, over the current LIBOR rate.

As of December 31, 1998, the Company has seven interest rate swaps in place that total $80,000 at an average rate of 5.79%, with maturities through the year 2003. The Company's strategy is to cover approximately 40% of outstanding bank debt with interest rate protection.

Impact of the Euro

The advent of the Euro may have a slight impact on the transactions of the Company's Italian subsidiary, Profarmaco. The Euro has mitigated any exposure on the transactions among the Company's subsidiaries in Germany and France. The

activities of Nordic and Seal Sands will not be impacted since the England and Sweden are not part of the European Monetary Union at present. Overall, the Euro should not have a material impact on the consolidated financial statements of the company.

ENVIRONMENTAL

In connection with laws and regulations pertaining to the protection of the environment, the Company is a party to several environmental remediation investigations and cleanups and, along with other companies, has been named a "potentially responsible party" for certain waste disposal sites (Superfund sites). 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 Company had accruals, included in current accrued liabilities and other noncurrent liabilities, of $4,800 and $7,400 at December 31, 1998 and 1997, respectively, for costs associated with the study and remediation of Superfund sites and the Company's current and former operating sites for matters that are probable and reasonably estimable. Based on currently available information and analysis, the Company's accrual represents 73% of what it believes are the reasonably possible environmental cleanup related costs of a non-capital nature. The estimate of reasonably possible costs is less certain than the probable estimate on which the accrual is based. During the past three-year period, cash payments for environmental cleanup related matters were $1,800, $400 and $600 for 1998, 1997 and 1996, respectively. There were no provisions for environmental contingencies during the past three-year period. The Company reduced reserves of approximately $800 and $1,000 in 1998 and 1996, respectively, as a result of revised estimates. After reviewing information currently available, management believes any amounts paid in excess of the accrued liabilities will not have a material effect on its financial position or results of operations. However, these matters, if resolved in a manner different from the estimates could have a material adverse effect on financial condition, operating results and cash flows when resolved in a future reporting period.

LITIGATION

The Company and its subsidiary Profarmaco S.r.l. ("Profarmaco") were named as defendants in a proceeding instituted by the Federal Trade Commission ("FTC") on December 21, 1998, in the United States District Court for the District of Columbia. The complaint alleges that exclusive license agreements which Profarmaco entered into with Mylan Laboratories, Inc. ("Mylan") covering the drug master files for (and therefore the right to buy and use) two active pharmaceutical ingredients ("APIs"), lorazepam and clorazepate, were part of an effort on Mylan's part to restrict competition in the supply of lorazepam and clorazepate and to increase the price charged for these products when Mylan sold them as generic pharmaceuticals. The complaint further alleges that these agreements violate the Federal Trade Commission Act, and that Mylan, Cambrex, Profarmaco, and Gyma Laboratories of America, Inc., Profarmaco's distributor in the United States, engaged in an unlawful restraint of trade and conspired to monopolize and attempted to monopolize the markets for the generic pharmaceuticals incorporating the APIs. The FTC seeks a permanent injunction and other relief, including disgorgement of the profits generated through the licensing arrangements, which the FTC alleges to be in excess of $120,000 for all defendants. In accordance with the license agreement, the Company received royalties of approximately $19,300 and $1,000 for the years ended December 31, 1998 and 1997, respectively.

A lawsuit making similar allegations against the Company and Profarmaco, and seeking injunctive relief and treble damages, has been filed by the Attorneys General of 31 states and the District of Columbia in the United States District Court for the District of Columbia on behalf of those states and persons in those states who were purchasers of the generic pharmaceuticals. 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

lorazepam and clorazepate in generic form, making allegations essentially similar to those raised in the FTC's complaint and seeking various forms of relief including treble damages.

The Company believes that its licensing arrangements with Mylan are in accordance with regulatory requirements and will vigorously defend the FTC's actions and various other lawsuits and class actions. However, the Company and Mylan have terminated the exclusive licenses to the drug master files. The future royalty arrangements under the agreements have concluded as of December 31, 1998. In entering these licensing arrangements, the Company elected not to raise the price of its products and had no control or influence over the pricing of the final generic product forms by Mylan.

On May 14, 1998, the Company's Nepera subsidiary, a manufacturer and seller of 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. The Company understands that the subpoena was issued as part of the Federal Government's ongoing antitrust investigation into various business practices in the vitamin industry generally. The Company and Nepera have been cooperating fully with the Government's investigation.

While it is not possible to predict with certainty the outcome of the FTC action and various other lawsuits and class actions, it is the opinion of management that the ultimate resolution of these proceedings should not have a material adverse affect on the Company's results of operations, cash flows and financial position. These matters if resolved in an unfavorable manner could have a material adverse affect on the operating results or cash flows when resolved in a future reporting period.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131) in the fourth quarter of 1998. This Statement establishes standards for the way in which public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about those operating segments in interim reports. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The adoption of SFAS 131 did not have an effect on the financial position or results of operations of the Company.

The Company adopted Statement of Financial Accounting Standards No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132) in the fourth quarter of 1998. This statement revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans. The adoption of SFAS 132 did not have an effect on the financial position or results of operations of the Company.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. SFAS requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The fair value hedge transactions in which the Company is hedging changes in an asset's, liability's or firm commitment's fair value; changes in the fair value of the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the period in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. The Company is evaluating the impact that the adoption of SFAS 133 will have on its earnings, comprehensive income or statement of financial position.

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(dollars in thousands, except share data)

YEAR 2000 UPDATE

The ability of computers, software or any equipment utilizing micro-processors to properly recognize and process data information at the turn of the century is commonly referred to as a Year 2000 ("Y2K") compliance issue. To minimize the risk of unplanned interruptions, the Company is using a multi-step approach in conducting its year 2000 project. These steps are inventory, assessment, remediation, testing for compliance, and contingency planning.

The Company approaches its Y2K compliance issue by categorizing its dependencies into two sections: Internal systems (Information Technology ("IT") systems and Non-IT systems), and External systems of suppliers and customers. Generally, internal systems identified as non-Y2K compliant are being replaced or modified. Many of the internal non-compliant systems were targeted for replacement for reasons other than Y2K issues as the benefits of newer technology had already created an economic business case for action. Replacement solution costs will be capitalized as permitted by applicable accounting standards whereas the cost of modification solutions will generally be expensed as repairs. External systems are being monitored with the cooperation of our suppliers and customers.

Internal Systems

a) IT systems -- These systems include internal applications software such as finance, manufacturing (purchasing, product costing, production reporting, maintenance, and planning and scheduling), logistics (distribution planning and customer order entry), human resources, and communications. All internal IT systems have been inventoried, assessed, and remediated where necessary for Y2K compliance and are now being tested. The Company anticipates its internal IT will be Y2K compliant by the end of 1999.

b) Non-IT systems -- These systems are used for process monitoring and control, laboratory measurement and analysis, waste treatment control, and in other plant operations. These systems include embedded chip technology such as programmable logic controllers and related hardware/software, and personal computers and related software. All internal non-IT systems have been inventoried and assessed for Y2K compliance and those which require modification are being remediated. This remediation, or where necessary replacement, will be completed by mid-1999. Testing will be completed on all systems by the end of the third quarter 1999.

External systems

External systems include systems of customers and suppliers. The Company is in the process of understanding the extent to which it is vulnerable to the Y2K issues of its customers and suppliers. The Company has identified and contacted third parties whose systems would have a significant negative impact on operations if not Y2K compliant, and is in the process of assessing the systems of these third parties. The Company expects to complete its assessment and to have developed requisite action plans with respect to these findings by mid-1999.

The Company will also develop contingency plans during the third and fourth quarters of 1999 for all critical systems and key suppliers in the event an internal or external system, that is believed to be compliant, fails.

The dates on which the Company plans to complete any necessary Y2K modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third-party modification plans and other

factors. The Company believes its most reasonably likely worst case scenario in the event of the failure to correct a material Y2K compliance problem, internal or external, could result in an interruption in, or a failure of, certain normal business activities or operations. While management is not aware of such problems, such failures, if they occur, could have a material adverse impact on the operations of the Company. The Company believes that

with the implementation of new business systems and completion of the Y2K project as scheduled, the possibility of significant interruptions of normal operations will be reduced.

The estimated total cost of implementing Y2K solutions, which includes the cost of the replacement systems discussed above, is approximately $8,500. The approximate amount expended through December 1997 was $6,000 with an additional spending of approximately $1,900 occurring in 1998. With regard to the $7,900 expended through 1998, approximately $700 has been expensed and $7,200 capitalized in accordance with applicable accounting standards. The remaining Y2K expenditures, which will be expensed, are estimated to be $600 and are anticipated to be incurred by the end of 1999.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. Investors should be aware of factors that could cause Cambrex actual results to vary materially from those projected in the forward-looking statements. These factors include, but are not limited to, global economic trends; competitive pricing or product development activities; markets, alliances, and geographic expansions developing differently than anticipated; government legislation and/or regulation (particularly on environmental issues); and technology, manufacturing and legal issues; and the factors disclosed in the Year 2000 Update.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements and selected quarterly financial data of the Company are filed under this item:

The consolidated financial statements and financial statement schedule are filed pursuant to Item 14 of this report.

(dollars in thousands, except share data)

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
of Cambrex Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and retained earnings and cash flows present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
January 22, 1999, except
for Note 23, as to which the
date is March 12, 1999

CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31,	
	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 48,527	$ 21,469
Trade receivables, less allowances of $1,550 and $1,705 at respective dates	56,964	55,733
Other receivables	7,689	6,150
Inventories, net	100,245	91,733
Deferred tax assets	11,759	5,947
Prepaid expenses and other current assets	6,342	3,622
Total current assets	231,526	184,654
Property, plant and equipment, net	255,016	237,342
Intangible assets, net	126,995	127,003
Other assets	3,517	3,427
Total assets	$617,054	$552,426

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 63,467	$ 58,471
Income taxes payable	8,733	4,857
Short-term debt	2,451	3,597
Current portion of long-term debt	578	986
Total current liabilities	75,229	67,911
Long-term debt	191,372	194,325
Deferred tax liabilities	52,183	43,436
Other noncurrent liabilities	21,417	20,800
Total liabilities	340,201	326,472
Commitments and contingencies		
Stockholders' equity:		
Common Stock, $.10 par value; issued 26,573,324 and 25,934,574 shares at respective dates	2,655	1,295
Additional paid-in capital	163,525	154,406
Retained earnings	132,471	96,027
Treasury stock, at cost; 2,081,099 and 2,081,122 shares at respective dates	(9,841)	(9,458)
Shares held in trust, at cost; 381,749 and 360,554 shares at respective dates	(407)	(1,275)
Accumulated other comprehensive income/(loss)	(11,550)	(15,041)
Total stockholders' equity	276,853	225,954
Total liabilities and stockholders' equity	$617,054	$552,426

See accompanying notes to consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
(IN THOUSANDS, EXCEPT PER-SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Gross sales	$441,683	$380,083	$369,479
Net revenues	457,241	374,215	359,385
Cost of goods sold	293,824	260,253	258,049
Gross profit	163,417	113,962	101,336
Selling, general and administrative	76,594	52,688	45,879
Research and development	13,956	10,600	9,183
Non-recurring in-process R&D charge	--	14,000	--
Operating profit	72,867	36,674	46,274
Other (income) expenses			
Interest income	(249)	(238)	(353)
Interest expense	10,476	5,568	6,152
Other -- net	945	(1,263)	(194)
Income before income taxes	61,695	32,607	40,669
Provision for income taxes	22,593	14,831	12,444
Net income	$ 39,102	$ 17,776	$ 28,225
Earnings per share of common stock and common stock equivalents:			
Basic	$ 1.62	$ 0.75	$ 1.22

Diluted	$ 1.54	$ 0.73	$ 1.19
Weighted average shares outstanding:			
Basic	24,194	23,627	23,214
Diluted	25,412	24,419	23,792

See accompanying notes to consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK SHARES ISSUED	COMMON STOCK PAR VALUE ($.10)	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	SHARES HELD IN TRUST	COMPREHENSIVE INCOME/(LOSS)
BALANCE AT DECEMBER 31, 1995	8,195,831	$ 818	$142,453	$ 54,316	$(9,160)	$ --	
Comprehensive income/(loss)							
Net Income				28,225			$ 28,225
Other comprehensive income/(loss)							
Foreign currency translation adjustments							6,884
Minimum pension liability adjustment							197
Other comprehensive income/(loss)							7,081
Comprehensive income							$ 35,306
Cash dividends at $0.09 per share				(1,933)			
Exercise of stock options	334,650	33	4,677		(856)	(718)	
Tax benefit of stock options exercised			1,406				
Shares issued to Board of Directors			87		62		
Shares issued under savings plan			992		505		
Three-for-two stock split	4,238,694	424	(424)				
BALANCE AT DECEMBER 31, 1996	12,769,175	$1,275	$149,191	$ 80,608	$(9,449)	$ (718)	
Comprehensive income/(loss)							
Net Income				17,776			$ 17,776
Other comprehensive income/(loss)							
Foreign currency translation adjustments							(23,732)
Minimum pension liability adjustment							553
Other comprehensive income/(loss)							(23,179)
Comprehensive income							$ (5,403)
Cash dividends at $0.10 per share				(2,357)			
Exercise of stock options	198,112	20	3,555		(201)	(557)	
Tax benefit of stock options exercised			718				
Shares issued to Board of Directors			134		54		
Shares issued under savings plan			808		138		
BALANCE AT DECEMBER 31, 1997	12,967,287	$1,295	$154,406	$ 96,027	$(9,458)	$(1,275)	
Comprehensive income/(loss)							
Net Income				39,102			$ 39,102
Other comprehensive income/(loss)							
Foreign currency translation adjustments							5,522
Minimum pension liability adjustment							(2,031)
Other comprehensive income/(loss)							3,491
Comprehensive income							$ 42,593
Cash dividends at $0.11 per share				(2,658)			
Exercise of stock options	472,575	47	7,148		(462)	868	
Tax benefit of stock options exercised			2,977				
Shares issued to Board of Directors			104				
Shares issued under savings plan			203		79		
Two-for-one stock split	13,133,462	1,313	(1,313)				
BALANCE AT DECEMBER 31, 1998	26,573,324	$2,655	$163,525	$132,471	$(9,841)	$ (407)	

	ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 1995	$ 1,057	$189,484
Comprehensive income/(loss)		
Net Income		28,225
Other comprehensive income/(loss)		
Foreign currency translation adjustments		
Minimum pension liability adjustment		
Other comprehensive income/(loss)	7,081	7,081
Comprehensive income		

Cash dividends at $0.09 per share.....		(1,933)
Exercise of stock options.....		3,136
Tax benefit of stock options exercised.....		1,406
Shares issued to Board of Directors.....		149
Shares issued under savings plan.....		1,497
Three-for-two stock split.....		--
BALANCE AT DECEMBER 31, 1996.....	$ 8,138	$229,045
Comprehensive income/(loss)		
Net Income.....		17,776
Other comprehensive income/(loss)		
Foreign currency translation adjustments.....		
Minimum pension liability adjustment.....		
Other comprehensive income/(loss).....	(23,179)	(23,179)
Comprehensive income.....		
Cash dividends at $0.10 per share.....		(2,357)
Exercise of stock options.....		2,817
Tax benefit of stock options exercised.....		718
Shares issued to Board of Directors.....		188
Shares issued under savings plan.....		946
BALANCE AT DECEMBER 31, 1997.....	$(15,041)	$225,954
Comprehensive income/(loss)		
Net Income.....		39,102
Other comprehensive income/(loss)		
Foreign currency translation adjustments.....		
Minimum pension liability adjustment.....		
Other comprehensive income/(loss).....	3,491	3,491
Comprehensive income.....		
Cash dividends at $0.11 per share.....		(2,658)
Exercise of stock options.....		7,601
Tax benefit of stock options exercised.....		2,977
Shares issued to Board of Directors.....		104
Shares issued under savings plan.....		282
Two-for-one stock split.....		--
BALANCE AT DECEMBER 31, 1998.....	$(11,550)	$276,853

See accompanying notes to consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Cash flows from operations:			
Net income.....	$ 39,102	$ 17,776	$ 28,225
Depreciation and amortization.....	40,132	31,122	28,493
Non-recurring in-process R&D charge.....	--	14,000	--
Recognition of reimbursement for past environmental costs.....	--	(2,400)	--
Gain realized on settlement of foreign denominated loan.....	--	(954)	--
Provision for inventories.....	6,046	2,489	1,099
Reversal of tax contingencies.....	--	--	(1,500)
Reversal of environmental contingencies.....	(800)	--	(1,000)
Deferred income tax provision.....	2,189	4,236	1,721
Changes in assets and liabilities (net of assets and liabilities acquired):			
Receivables.....	(2,274)	2,321	1,205
Inventories.....	(10,867)	(8,815)	6,284
Prepaid expenses and other current assets.....	(2,711)	323	1,663
Accounts payable and accrued liabilities.....	3,383	(5,418)	(6,199)
Income taxes payable.....	4,407	(2,792)	6,620
Other noncurrent assets and liabilities.....	2,079	691	174
Net cash provided from operations.....	80,686	52,579	66,785
Cash flows from investing activities:			
Capital expenditures.....	(43,007)	(35,935)	(32,396)
Acquisition of businesses (net of cash acquired).....	(15,199)	(128,916)	--

Other investing activities	1,948	--	(1,345)
Net cash (used in) investing activities	(56,258)	(164,851)	(33,741)
Cash flows from financing activities:			
Dividends	(2,658)	(2,357)	(1,933)
Net increase (decrease) in short-term debt	(1,406)	370	(1,025)
Long-term debt activity (including current portion):			
Borrowings	37,000	235,900	44,000
Repayments	(40,430)	(109,649)	(80,599)
Proceeds from the issuance of common stock	10,325	3,575	6,116
(Purchase of)Proceeds from the sale of treasury stock	(229)	933	790
Other	(2,031)	--	--
Net cash provided from (used in) financing activities	571	128,772	(32,651)
Effect of exchange rate changes on cash	2,059	(2,384)	2,119
Net increase in cash and cash equivalents	27,058	14,116	2,512
Cash and cash equivalents at beginning of year	21,469	7,353	4,841
Cash and cash equivalents at end of year	$ 48,527	$ 21,469	$ 7,353
Supplemental disclosure:			
Interest paid (net of capitalized interest)	$ 13,660	$ 5,275	$ 6,859
Income taxes paid	$ 16,767	$ 13,344	$ 3,695
Noncash transactions:			
Additional minimum pension liability (eliminated from) charged to stockholders' equity	$ 2,031	$ (553)	$ (197)
Liabilities established under deferred compensation plan	$ (868)	$ 557	$ 718
Tax benefit on stock options exercised	$ 2,977	$ 718	$ 1,406
Liabilities assumed in connection with acquisition	$ --	$ 1,253	$ --

See accompanying notes to consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(1) THE COMPANY

Cambrex Corporation and Subsidiaries (the "Company" or "Cambrex") manufactures and markets a broad line of specialty and fine chemicals, as well as products and services to the biotechnology industry. The Company operates in four segments: Human Health, Biotechnology, Animal Health/Agriculture and Specialty Business.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash Equivalents

Temporary cash investments with an original maturity of less than three months and have virtually no risk of loss in value are considered cash equivalents.

Derivative Instruments

Derivative financial instruments are used by the Company primarily for hedging purposes to mitigate a variety of working capital, investment and

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borrowing risks. The use and mix of hedging instruments can vary depending on business and economic conditions and management's risk assessments. The Company uses a variety of strategies, including foreign currency forward contracts and transaction hedging, to minimize or eliminate foreign currency exchange rate risk associated with substantially all of its foreign currency transactions. Gains and losses on these hedging transaction are generally recorded in earnings in the same period as they are realized, which is usually the same period as the settlement of the underlying transactions. The Company uses interest rate derivative instruments only as hedges or as an integral part of borrowings. As such, the differential to be paid or received in connection with these instruments is accrued and recognized in income as an adjustment to interest expense.

Inventories

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

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation. Plant and equipment are depreciated on a straight-line basis over the estimated useful lives for each applicable asset group as follows:

Buildings and improvements	15 to 20 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	3 to 5 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in other (income) expense, net. Interest is capitalized in connection with the construction and acquisition of assets. The capitalized interest is recorded as part of the cost of the asset to which it relates and is amortized over the asset's estimated useful life. Total interest capitalized in connection with ongoing construction activities in 1998, 1997 and 1996 amounted to $533, $1,045, and $677, respectively.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Intangible Assets

Intangible assets are recorded at cost and amortized on a straight-line basis as follows:

Patents	Amortized over the remaining life of individual patents (average 5 years)
Goodwill	4 to 20 years
Product technology	5 to 17 years
Non-compete agreements	5 years
Trademarks and other	1 to 40 years

The Company continually evaluates the reasonableness of its amortization of intangibles. If it becomes probable that expected future undiscounted cash flows

associated with intangible assets are less than their carrying value, the assets are written down to their fair value.

Revenue Recognition

Revenues are generally recognized when products are shipped or title has passed to customer. Royalties are recognized as earned in accordance with royalty agreements.

Income Taxes

Deferred income taxes reflect the differences between assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws currently enacted.

The Company and its eligible subsidiaries file a consolidated U.S. income tax return. Certain subsidiaries which are consolidated for financial reporting are not eligible to be included in the consolidated U.S. income tax return. U.S. income taxes are provided on a planned repatriation of a portion of non U.S. earnings and consider applicable foreign tax credits. Cambrex also intends to indefinitely reinvest the unremitted earnings of certain non-U.S. subsidiaries, and as such, separate provisions for income taxes have been determined for these entities and U.S. taxes have not been provided. At December 31, 1998, 1997 and 1996, the cumulative amount of unremitted earnings of non-U.S. subsidiaries was $28,850, $16,140, and $3,605, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Environmental Costs

In the ordinary course of business, like most other industrial companies, the Company is subject to extensive and changing federal, state, local and foreign environmental laws and regulations, and has made provisions for the estimated financial impact of environmental cleanup related costs. The Company's policy is to accrue environmental cleanup related costs of a noncapital nature when those costs are believed to be probable and can be reasonably estimated. The quantification of environmental exposures requires an

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
assessment of many factors, including changing laws and regulations, advancements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement. For certain matters, the Company expects to share costs with other parties. The Company does not include anticipated recoveries from insurance carriers or other third parties in its accruals for environmental liabilities.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts

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and cash flows using average rates of exchange prevailing during the year. Adjustments resulting from the translation of foreign currency financial statements are accumulated in a separate component of stockholders' equity until the entity is sold or substantially liquidated. Gains or losses relating to transactions of a long-term investment nature are accumulated in stockholders' equity. Gains or losses resulting from foreign currency transactions are included in the results of operations as a component of other revenues in 1998 and 1997 and as a component of other income in 1996. Foreign currency net transaction gains (losses) were $2,019, $2,668, and $194 in 1998, 1997 and 1996, respectively.

Stock Option Plans

The Company adopted Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123") in 1997. In conjunction with the adoption, the Company will continue to apply the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" with pro-forma disclosure of net income and earnings per share as if the fair value based method prescribed by SFAS 123 had been applied. In general, no compensation cost related to these plans is recognized in the consolidated statements of earnings.

Earnings Per Common Share

Earnings per share of Common Stock for 1998, 1997 and 1996 reflect the adoption of SFAS No. 128, "Earnings per Share." All diluted earnings per share are computed on the basis of the weighted average shares of common stock outstanding plus common equivalent shares arising from the effect of dilutive stock options, using the treasury stock method.

Earnings per share calculations are as follows:

	FOR THE YEARS ENDED,		
	1998	1997	1996
Numerator:			
Income available to common stockholders.....	$39,102	$17,776	$28,225
Denominator:			
Basic weighted average shares outstanding.....	24,194	23,627	23,214
Effect of dilutive stock options.....	1,218	792	578
Diluted weighted average shares outstanding.....	25,412	24,419	23,792
Basic earnings per share.....	$ 1.62	$ 0.75	$ 1.22
Diluted earnings per share.....	$ 1.54	$ 0.73	$ 1.19

(3) ACQUISITIONS AND DIVESTITURES

On January 9, 1998, Chiragene, a newly formed subsidiary of Cambrex Corporation, acquired substantially all of the assets of the chiral intermediate business of Celgene Corporation for approximately $11,328. The purchase agreement includes an upfront payment of $7,500 paid at closing plus future royalties based upon sales. While the present value of the potential future royalties is $7,500 based upon a formula disclosed in the purchase agreement, the amount included in the initial purchase allocation is $3,750 which are the minimum guaranteed royalty payouts. The acquisition has been accounted for under the purchase method and as such, the purchase price has been allocated to the fair value of assets acquired. Purchase price in excess of the fair value of the

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

net assets was approximately $5,000 and was recorded as goodwill and will be amortized over 15 years. On January 9, 1998, the Company borrowed $8,200 from the existing Credit Agreement with Chase Manhattan Bank, of which $7,500 was used to finance the acquisition of Chiragene.

On May 12, 1998, Cambrex completed the acquisition of certain assets of the biopharmaceutical manufacturing and distribution business of Boerhinger Ingelheim Bioproduct Partnership (BIBP). The assets acquired include a state-of-the-art cell culture and media manufacturing facility in Verviers, Belgium, and inventory for certain cell culture, endotoxin detection and molecular biology products. The acquisition has been accounted for as a purchase transaction in which the purchase price has been allocated to the fair value of assets and liabilities acquired. The majority of the acquisition was funded through cash reserves.

The proforma information for the above acquisitions has not been included in these financial statements, as it was deemed to be immaterial, both individually and collectively.

Certain actions were taken in the third quarter of 1998 for the acquisition reorganization plan at our BioWhittaker facility of approximately $1,400 for the termination of 28 employees. This plan was part of the final purchase accounting adjustments made in the third quarter 1998. In addition, BioWhittaker favorably concluded a patent infringement dispute and has received a cash payment of approximately $5,400 in 1998. This settlement, as well as the settlement of other acquisition contingencies of approximately $1,600, are part of the final purchase accounting adjustments in the third quarter 1998. As a result of finalizing the purchase accounting, the net impact on goodwill, including the tax effect, was a reduction of approximately $900.

On September 30, 1997, the Company acquired approximately 93% of the outstanding common stock of BioWhittaker for approximately $116,000. The remaining 7% of the outstanding common stock was subsequently acquired on October 3, 1997 for an additional $10,000. The acquisition price was approximately $133,500 and was financed by the Company's Credit Agreement. The acquisition was accounted for as a purchase transaction and as such, the purchase price was allocated to the fair value of assets and liabilities acquired. The excess of the purchase price over the fair value of the net assets acquired was approximately $48,000 and was recorded as goodwill and will be amortized over 20 years. The allocation to in-process research and development of $14,000 represents the value of BioWhittaker's research and development efforts which had not reached commercial viability with no alternative future use and were, therefore, immediately expensed.

Unaudited proforma results of operations of the Company and BioWhittaker for the years ended December 31, 1997 and 1996, as if it had occurred on January 1, 1996 are listed below.

(3) ACQUISITIONS AND DIVESTITURES -- (CONTINUED)

	YEARS ENDED DECEMBER 31,	
	1997	1996
Net revenues	$416,871	$410,844
Net income	$ 17,146	$ 21,564
Earnings per share		
Basic	$ 1.45	$ 1.86

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Diluted	$ 1.40	$ 1.81

The unaudited pro forma adjustments give effect to the depreciation of property, plant and equipment, amortization of the goodwill, interest on the debt assumed to finance the acquisition, and the tax effects of each of these items. The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the combination been in effect at January 1, 1996, nor of future results of operations of the combined companies.

The fair value of assets acquired and liabilities assumed are as follows (giving effect to the total purchase price):

Cash	$ 4,557
Receivables	6,795
Inventories	25,389
Deferred tax asset	770
Other current assets	556
Property, plant and equipment	24,190
In-process research and development	14,000
Other identified intangibles	41,590
Goodwill	47,859
Other assets	89
Accounts payable and accrued liabilities	(10,458)
Income taxes payable	(1,073)
Long term debt	(1,755)
Deferred tax liabilities	(19,036)
	$133,473

(4) FUTURE IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. SFAS requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. The fair value hedge transactions in which the Company is hedging changes in an asset's, liability's or firm commitment's fair value; changes in the fair value of the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the period in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. The Company is evaluating the impact that the adoption of SFAS 133 will have on its earnings, comprehensive income or statement of financial position.

(5) INVENTORIES

Inventories consist of the following:

	DECEMBER 31,	
	1998	1997
Finished goods	$ 54,264	$42,974
Work in process	20,177	25,217
Raw materials	20,105	18,254
Supplies	5,699	5,288
Total	$100,245	$91,733

(6) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	DECEMBER 31,	
	1998	1997
Land	$ 11,009	$ 10,555
Buildings and improvements	76,949	76,476
Machinery and equipment	289,577	256,689
Furniture and fixtures	9,033	6,555
Construction in progress	30,657	19,194
Total	417,225	369,469
Accumulated depreciation	(162,209)	(132,127)
Net	$ 255,016	$ 237,342

Depreciation expense amounted to $30,547, $24,666, and $22,788 for the years ended December 31, 1998, 1997 and 1996, respectively.

(7) INTANGIBLE ASSETS

Intangible assets consist of the following:

	DECEMBER 31,	
	1998	1997
Goodwill	$110,117	$100,229
Other	56,330	55,977
Total	166,447	156,206
Accumulated amortization	(39,452)	(29,203)
Net	$126,995	$127,003

Amortization expense amounted to $9,585, $6,456 and $5,705 for the years ended December 31, 1998, 1997 and 1996 respectively.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities are as follows:

	DECEMBER 31,	
	1998	1997
Accounts payable	$30,761	$28,174
Salaries, wages and employee benefits payable	20,475	15,208
Other accrued liabilities	12,231	15,089
Total	$63,467	$58,471

(9) INCOME TAXES

Income before taxes consisted of the following:

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Domestic	$31,324	$13,195	$31,611
Foreign	$30,371	19,412	9,058
Total	$61,695	$32,607	$40,669

The provision for income taxes consists of the following expenses (benefits):

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Current:			
Federal	14,377	$ 2,670	$ 3,783
State	696	427	598
Foreign	5,331	7,498	6,342
	20,404	10,595	10,723
Deferred:			
Federal	(2,481)	2,272	922
State	(167)	143	(527)
Foreign	4,837	1,821	1,326
	2,189	4,236	1,721
Total	$22,593	$14,831	$12,444

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(9) INCOME TAXES -- (CONTINUED)

The provision for income taxes differs from the statutory Federal income tax rate of 35% for 1998, 1997 and 1996 as follows:

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Income tax at Federal statutory rate	$21,594	$11,412	$14,234
State and local taxes (benefits), net of Federal income tax benefits	522	605	(239)
Difference between Federal statutory rate and statutory rates on foreign income	(945)	(1,666)	1,771
Reversal of tax contingency for IRS audit settlement	--	(728)	(1,500)
Return to provision adjustment	--	--	(1,066)
Research and experimentation credits	(150)	(399)	(484)
Write off of acquired in-process research and development	--	4,900	--
Foreign Tax Credits	(311)	--	--
Other	1,883	707	(272)
	$22,593	$14,831	$12,444

The components of deferred tax assets and liabilities as of December 31, 1998 and 1997 relate to temporary differences and carryforwards as follows:

	DECEMBER 31,	
	1998	1997
Deferred tax assets:		
Acquisition reserves	$ 781	$ 732
Environmental	1,574	--
Net operating loss carryforwards	3,643	3,896
Inventory	2,535	1,235
Employee benefits	3,297	2,365
Receivables	195	136
Other	2,148	--
Net current deferred tax assets	14,173	8,364
Valuation allowances	(2,414)	(2,417)
Total net deferred tax assets	$11,759	$ 5,947
Deferred tax liabilities:		
Depreciation	$29,591	$29,937
Environmental reserves	--	(1,261)
Intangibles	14,839	14,659
Italian Intangibles	6,086	--
Other	1,667	101

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Total net non-current deferred tax liabilities	$52,183	$43,436

Included within the change in the cumulative translation adjustment for the year ended December 31, 1998 is $(413) which relates to the translation of deferred tax assets and liabilities.

(9) INCOME TAXES -- (CONTINUED)

Under the tax laws of various foreign countries in which the Company operates, net operating losses (NOLs) may be carried forward, subject to statutory limitations, to reduce taxable income in future years. The tax effect of such foreign NOLs aggregated is approximately $3,643 and $3,896 at December 31, 1998 and 1997, the majority of which are available on an indefinite carryforward basis. However, valuation reserves have been established against certain NOLs to reflect uncertainties associated with the realizability of such future benefits.

During 1998, the Company made an election which allows its Italian subsidiary to deduct for tax purposes intangible assets that were previously nondeductible. The result of this election was a charge to 1998 earnings of $3,420 that will result in net favorable future tax benefits.

During 1997, the Company concluded some of the ongoing matters with the Internal Revenue Service related to audits for the years 1988 through 1993.

(10) SHORT-TERM DEBT

The Company has lines of credit in Italy with five local banks (the "Facility"). The Facility is short-term and provides three types of financing with the following limits: Overdraft Protection of $2,300 (Lire 4.0 billion), Export Financing of $4,500 (Lire 8.0 billion) and Advances on Uncleared Deposits of $1,700 (Lire 3.0 billion). The Overdraft Protection and Export Financing facilities bear interest at varying rates when utilized, however, Advances on Uncleared Deposits (Ricevute Bancarie) bear no interest.

Short-term debt at December 31, 1998 and 1997 consists of the following:

	DECEMBER 31,	
	1998	1997
Export financing facility	$ 2,451	$ 3,597

(11) LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31,	
	1998	1997

Bank credit facilities(a)	$190,000	$192,600
Capitalized leases	49	--
Notes payable(b)	1,901	2,711
Subtotal	191,950	195,311
Less: current portion(c)	578	986
Total	$191,372	$194,325

(a) On September 16, 1997, the Company entered into a new five year Credit Agreement (the "Agreement") with a bank group headed by The Chase Manhattan Bank as Administrative Agent and The First National Bank of Chicago as Documentation Agent. The bank group has a total of 13 domestic banks and 7 international banks. The Agreement provides the Company with a $400,000 borrowing facility. The new Agreement replaces the previously existing Revolving Credit Agreement with NBD Bank, N.A.

Under this agreement, the Company has pledged 66% of the common stock of the Company's foreign subsidiaries as collateral. The Agreement permits the Company to choose between various interest rate

(11) LONG-TERM DEBT -- (CONTINUED)
options and to specify the portion of the borrowing to be covered by specific interest rate options. Under the Agreement, the interest rate options available to the Company are: (a) U.S. Prime rate or (b) LIBOR plus the applicable margin (ranging from .225% to .5%) or (c) Competitive Bid at a LIBOR Rate Borrowing or a Fixed Rate Borrowing to be determined by auction. The applicable margin is adjusted based upon the Funded Indebtedness to Cash Flow Ratio of the Company. Additionally, the Company pays a commitment fee of between .15% to .25% on the entire portion of the Agreement. The 1998 and 1997 average interest rates were 6.4% and 6.8%.

On September 18, 1997, the Company utilized $60,000 of the Agreement in order to repay the then outstanding balance under the previously existing Revolving Credit Agreement. On September 30, 1997, the company borrowed $126,000 to finance the acquisition of the outstanding common stock of BioWhittaker. Of this amount, approximately $116,000 was utilized on September 30, 1997. On October 3, 1997, an additional $12,000 was utilized to acquire the remaining 7% of BioWhittaker's common stock. The undrawn borrowing availability under the Agreement as of December 31, 1998 was $210,000.

The Agreement is subject to financial covenants requiring the Company to maintain certain levels of net worth and an interest coverage ratio, as well as a limitation on indebtedness. The Company met all of the bank covenants for 1998.

(b) The Company has a loan agreement with the Italian government to finance technological innovations. The loan of $1,291 bearing interest at 9.21%, is amortized over ten annual payments starting July 26, 1995 and ending July 26, 2004. There is $891 and $931 outstanding as of December 31, 1998 and 1997, respectively.

The Company assumed a note payable as part of the acquisition of BioWhittaker in 1997 of $1,253. The note, bearing interest at 8%, is payable in annual installments of $340 and expires in 2001. There is $845 outstanding as of December 31, 1998.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(c) Aggregate maturities of long-term debt are as follows:

1999	$ 578
2000	433
2001	428
2002	190,160
2003	168
Thereafter	183
Total	$191,950

(12) DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to reduce exposures to market risks resulting from fluctuations in interest rates and foreign exchange rates. The Company does not enter into financial instruments for trading or speculative purposes. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap, forward exchange and put and call contracts. However, the Company does not anticipate non-performance by the counterparties.

(12) DERIVATIVE FINANCIAL INSTRUMENTS -- (CONTINUED)
Interest Rate Swap Agreements

The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate debt. The swap agreements are contracts to exchange floating rate for fixed interest payments periodically over the life of the agreements without the exchange of the underlying notional amounts. Notional amounts provide an indication of the extent of the Company's involvement in such agreements but do not represent its exposure to market risk. The following table shows the notional amounts outstanding, maturity dates, and the weighted average receive and pay rates of interest rate swap agreements as of December 31, 1998.

NOTIONAL AMOUNTS	MATURITY DATE	WEIGHTED AVG. RATE RECEIVE	WEIGHTED AVG. RATE PAY
$10,000	2002	5.25%	5.85%
$10,000	2003	5.23%	5.77%
$10,000	2002	5.21%	5.77%
$10,000	2001	5.25%	5.81%
$10,000	2000	5.23%	6.09%
$20,000	2001	5.23%	5.93%
$10,000	2002	5.23%	5.15%

Interest expense under these agreements, and the respective debt instruments that they hedge, are recorded at the net effective interest rate of the hedged transactions. The fair value of these agreements were based on quoted market prices and was $78,640 at December 31, 1998.

Foreign Exchange Instruments

The Company's policy is to enter into forward exchange contracts and/or currency options to hedge foreign currency transactions. This hedging mitigates the impact of short-term foreign exchange rate movements on the Company's operating results primarily in the United Kingdom, Sweden and Italy. The Company's primary market risk relates to exposure to foreign currency exchange rate fluctuations on transactions entered into by these foreign operations which are denominated primarily in U.S. dollars, Deutsche marks and British pound sterling. As a matter of policy, the Company does not hedge to protect the translated results of foreign operations. The Company's forward exchange contracts do not subject the Company's results of operations to risk due to exchange rate movements because gains and losses on these contracts generally offset gains and losses on the transactions being hedged. The forward exchange contracts have varying maturities with none exceeding twelve months. The Company makes net settlements for forward exchange contracts at maturity, based upon negotiated rates at inception of the contracts.

	1998			
			UNREALIZED	
	NOTIONAL AMOUNTS	FAIR VALUE	GAINS	LOSSES
Forward exchange contracts.....	$24,371	$24,437	$481	$547

	1997			
			UNREALIZED	
	NOTIONAL AMOUNTS	FAIR VALUE	GAINS	LOSSES
Forward exchange contracts.....	$22,173	$22,295	$ 85	$207

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(13) STOCKHOLDERS' EQUITY

The Company has two classes of common shares designated Common Stock and Nonvoting Common Stock. Authorized shares of Common Stock were 60,000,000 at December 31, 1998 and 20,000,000 at December 31, 1997. Authorized shares of Nonvoting Common Stock were 730,746 at December 31, 1998 and 1997.

At December 31, 1998, authorized shares of Common Stock were reserved for issuance as follows:

Stock option plans.....	4,070,450
Cambrex savings plan.....	169,544
Total shares.....	4,239,994

On May 28, 1998, the Company's Board of Directors approved a two-for-one stock split of the Company's Common Stock, $.10 par value, effected by the distribution to stockholders of record as of the close of business on June 10, 1998 of one additional share of Common Stock for each share held. All share and per share date, including stock option plan information, have been adjusted to reflect the impact of the two-for-one stock split. The effect of the split was presented within stockholders' equity at December 31, 1998 by transferring the par value for the additional shares issued from additional paid-in capital to common stock.

On July 24, 1996, the Company's Board of Directors approved a three-for-two stock split of the Company's Common Stock, $.10 par value, effected in the form of a 50% stock dividend to holders of record on July 8, 1996. All share and per share data, including stock option plan information were adjusted to reflect the impact of the three-for-two stock split. The effect of the split is presented retroactively within stockholders' equity at December 31, 1996 by transferring the par value for the additional shares issued from additional paid-in capital to common stock.

On May 23, 1996, the Board of Directors of the Company declared a dividend of one Right for each outstanding share of Common Stock, $.10 par value per share, payable on June 10, 1996 to the stockholders of record on that date. Under certain circumstances, each Right entitles the registered holder to purchase from the Company, one one-hundredth of a share of Series E Junior Participating Cumulative Preferred Stock ("Preferred Stock"), or in certain circumstances, shares of Common Stock of the Company or common stock of an acquiring company at one-half the market price of such Common Stock or common stock, as the case may be. The Rights are designed to make it more likely that all stockholders of the Company receive fair and equal treatment in the event of any proposed takeover of the Company and to guard against the use of partial tender offers or other coercive tactics to gain control of the Company. A Right will be granted for each share of Common Stock issued after such date and prior to the expiration date or redemption of that Right.

The Rights will become exercisable only in the event that any person or group of affiliated persons becomes a holder, or commences a tender or exchange offer, that if consummated, would result in that person or group of affiliated persons owning at least 15% of the outstanding Common Stock of the Company. Once exercisable, each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Preferred Stock, at a price of $174 per share, subject to adjustment. The Rights may be redeemed at a price of $.01 per Right at any time prior to the expiration date of June 5, 2006.

Nonvoting Common Stock with a par value of $.10, has equal rights with Common Stock, with the exception of voting power. Nonvoting Common Stock is convertible, share for share, into Common Stock, subject to any legal requirements applicable to holders restricting the extent to which they may own voting stock. As of December 31, 1998 and 1997, no shares of Nonvoting Common Stock were outstanding.

The Company held treasury stock of 2,081,099 and 2,081,122 shares at December 31, 1998 and 1997, respectively, and are used for issuance to the Cambrex Savings Plan.

(13) STOCKHOLDERS' EQUITY -- (CONTINUED)

The Company has authorized 5,000,000 shares of Series Preferred Stock, par value $.10, issuable in series and with rights, powers and preferences as may be fixed by the Board of Directors. At December 31, 1998 and 1997, there was no preferred stock outstanding.

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(14) STOCK OPTIONS

The Company has eight stock-based compensation plans currently in effect. The 1983 Incentive Stock Option Plan ("1983 Plan") provides for the grant of options intended to qualify as incentive stock options to management and other key employees. The 1987 Stock Option Plan ("1987 Plan") provides for the granting to key employees both non-qualified stock options and incentive stock options. The 1989 Senior Executive Stock Option Plan ("1989 Plan") provides for the grant of options intended to qualify as additional incentives to the Company's Senior Executive Officers. The 1992 Stock Option Plan ("1992 Plan") provides for the granting to key employees both non-qualified stock options and incentive stock options. The 1993 Senior Executive Stock Option Plan ("1993 Plan") provides for the grant of options intended to qualify as additional incentives to the Company's Senior Executive Officers. The 1994 Stock Option Plan ("1994 Plan") provides for the granting to key employees both non-qualified and incentive stock options. The 1994 Plan also provides for the granting of non-qualified stock options to non-employee directors.

On April 25, 1996, the Company's stockholders approved the 1996 Performance Stock Option Plan ("1996 Plan"), which provides for the granting of options intended to qualify as additional incentives to management and other key employees. The 1996 Plan also provides for the granting of non-qualified stock options to non-employee directors. Options granted under the 1996 Plan vest nine years after the date of grant, subject to acceleration if the publicly traded price of the Company's Common Stock equals or exceeds certain levels. Substantially all options available under the various plans prior to the 1996 Plan have been granted. These Plans contain various vesting provisions also based upon time and achievement of certain stock price levels. All option awards granted under each plan expire no more than ten years from the grant date.

On April 23, 1998, the Company's stockholders approved The 1998 Performance Stock Option Plan (the "1998 Plan"), which provides for the granting of options intended to qualify as additional incentives to directors and key employees. Options granted under the 1998 Plan shall vest and become exercisable nine years after the date of grant, subject to acceleration if the publicly traded price of the Company's Common Stock equals or exceeds levels determined by the Committee within certain time periods or in the event of a change in control. Options shall have a term of no more than ten years from the date of grant.

The Company applies the provisions of APB Opinion No. 25 and related Interpretations in accounting for its stock-based compensation plans. Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" (SFAS 123) establishes financial accounting and reporting standards for stock-based employee compensation plans. During 1996, the Company adopted the disclosure only provisions available under SFAS 123. Accordingly, no compensation cost has been recognized for stock option plans under SFAS 123.

(14) STOCK OPTIONS -- (CONTINUED)

Had compensation cost for the Company's 1998, 1997 and 1996 grants for stock-based compensation plans been determined based on the fair value at the grant dates for awards under these plans consistent with SFAS 123, the Company's net income, and net income per common share for 1998, 1997 and 1996 would approximate the pro forma amounts below:

	1998	1997	1996
Net income -- as reported	$39,102	$17,776	$28,225

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Net income -- pro forma	$35,951	$16,079	$26,946
Diluted earnings per share -- as reported	$ 1.54	$ 0.73	$ 1.19
Diluted earnings per share -- pro forma	$ 1.41	$ 0.66	$ 1.14

The pro forma compensation expense of $3,151, $1,697, and $1,279 for 1998 and 1997 and 1996, respectively, was calculated based on the fair value of each option primarily using the Black-Scholes option-pricing model with the following assumptions for 1998, 1997 and 1996, respectively: (i) average dividend yield of 0.58% and 1.33% (ii) expected volatility of 24.5% and 25.5%, (iii) risk-free interest rate ranging from 5.50% to 5.54% and from 6.03% to 6.85% and (iv) expected life of 4-5 years. The 1998 and 1997 grants have been valued using a path dependent model due to the cliff vesting with performance acceleration provisions set forth in the 1996 Plan.

As of December 31, 1998, 4,056,050 options had been exercised. Shares of Common Stock subject to outstanding options under the stock option plans were as follows:

		OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
				WEIGHTED AVERAGE			
	AUTHORIZED FOR ISSUANCE	OUTSTANDING	OPTION PRICE PER SHARE $	REMAINING CONTRACTUAL LIFE (YRS.)	EXERCISE PRICE $	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE $
1983 Plan	648,000	--	--	--	--	--	--
1987 Plan	600,000	--	--	--	--	--	--
1989 Plan	1,200,000	--	--	--	--	--	--
1992 Plan	300,000	52,200	6.938 - 12.375	4.3	7.66	52,200	7.66
1993 Plan	900,000	287,200	6.625 - 8.063	4.8	6.85	287,200	6.85
1994 Plan	300,000	88,350	6.625 - 13.688	5.6	8.45	88,350	8.45
1996 Plan	3,000,000	1,718,850	12.375 - 27.500	7.5	15.90	1,714,050	15.88
1998 Plan	1,180,000	1,108,250	22.063 - 27.563	9.2	23.34	--	n/a
Total shares	8,128,000	3,254,850	6.625 - 27.563		17.30	2,141,800	

(14) STOCK OPTIONS -- (CONTINUED)

Information regarding the Company's stock option plans is summarized below:

		WEIGHTED AVERAGE		
	NUMBER OF SHARES	EXERCISE PRICE $	FAIR VALUE $ AT GRANT DATE	OPTIONS EXERCISABLE
Outstanding at December 31, 1995	1,864,650	7.69		1,789,650
Granted	1,775,752	13.88	4.97	
Exercised	(950,926)	6.69		
Cancelled	(16,500)	10.88		
Outstanding at December 31, 1996	2,672,976	11.52		912,226
Granted	466,800	21.09	6.92	
Exercised	(396,226)	10.54		
Cancelled	(30,000)	14.39		
Outstanding at December 31, 1997	2,713,550	13.28		2,472,050
Granted	1,237,050	23.35	9.59	
Exercised	(638,750)	11.19		

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Cancelled	(57,000)	21.84	
Outstanding at December 31, 1998	3,254,850	17.30	2,141,800

(15) RETIREMENT PLANS

Pension Plans

The Company maintains two U.S. defined-benefit pension plans which cover substantially all eligible employees: (1) the Nepera Hourly Pension Plan (the "Nepera Plan") which covers the union employees at the Harriman, New York plant, and (2) the Cambrex Pension Plan (the "Cambrex Plan") which covers all other eligible employees.

Benefits for the salaried and certain hourly employees are based on salary and years of service, while those for employees covered by a collective bargained agreement are based on negotiated benefits and years of service. The Company's policy is to fund pension costs currently to the extent deductible for income tax purposes. Pension plan assets consist primarily of balanced mutual fund investments.

The Company also has a Supplemental Executive Retirement Plan for certain key executives.

The net periodic pension expense for both 1998 and 1997 are based on a twelve month period and on valuations of the plans as of January 1. However, the reconciliation of funded status is determined as of the September 30 measurement date.

(15) RETIREMENT PLANS -- (CONTINUED)

The funded status of these plans, incorporating these fourth quarter contributions, as of September 30, 1998 and 1997 is as follows:

	1998	1997
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$29,350	$24,007
Service cost	1,587	1,310
Interest cost	2,108	1,886
Amendments	81	1,087
Actuarial loss (gain)	1,968	2,268
Benefits paid	(1,238)	(1,208)
Benefit obligation at end of year	33,856	29,350
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	26,321	21,898
Actual return on plan assets	334	4,814
Acquisitions	375	789
Benefits paid	(1,210)	(1,180)
Fair value of plan assets at end of year	25,820	26,321
Funded status	(8,036)	(3,029)
Unrecognized prior service cost	1,115	2,082

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Unrecognized net (gain) loss	5,121	(181)
Additional minimum liability	(1,281)	--
Prepaid (accrued) benefit at September 30,	(3,081)	(1,128)
4th quarter contributions	232	18
Prepaid (accrued) benefit cost at December 31,	$(2,849)	$(1,110)

The components of net periodic pension cost is as follows:

	1998	1997	1996
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service Cost	$ 1,587	$ 1,310	$ 1,171
Interest Cost	2,108	1,887	1,535
Expected return on plan assets	(2,201)	(1,827)	(1,665)
Amortization of prior service cost	36	(23)	(32)
Recognized actuarial loss	195	92	(26)
Net periodic benefit cost	$ 1,725	$ 1,439	$ 983
WEIGHTED-AVERAGE ASSUMPTIONS			
Discount rate	6.75%	7.25%	7.50%
Expected return on plan assets	8.50%	8.50%	8.50%
Rate of compensation increase	5.00%	5.00%	5.00%

(15) RETIREMENT PLANS -- (CONTINUED)

Certain foreign subsidiaries of the Company maintain pension plans for their employees which conform to the common practice in their respective countries The funded status of these plans, as of December 31, 1998 and 1997, is as follows:

	1998	1997
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 8,094	$ 7,892
Service cost	532	472
Interest cost	533	544
Plan participants' contribution	(64)	(62)
Actuarial loss (gain)	(264)	126
Benefits paid	(68)	(5)
Foreign exchange	(95)	(1,180)
Benefit obligation at end of year	8,668	8,094
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	2,205	1,617
Actual return on plan assets	249	369
Company contribution	280	231
Plan participant contribution	88	74
Benefits paid	(99)	(25)
Foreign exchange	26	(61)

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Fair value of plan assets at end of year	2,749	2,205
Funded status	(6,043)	(6,746)
Unrecognized actuarial loss	53	279
Unrecognized prior service cost	53	56
Unrecognized net (gain) loss	(467)	(478)
Foreign exchange	127	858
Prepaid (accrued) benefit	$(6,277)	$(6,032)

(15) RETIREMENT PLANS -- (CONTINUED)

The components of the net periodic pension cost is as follows:

	1998	1997	1996
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service Cost	$ 532	$ 472	$ 387
Interest Cost	533	544	462
Expected return on plan assets	(236)	(167)	(906)
Amortization of excess plan net	(33)	(34)	(139)
Amortization of prior service cost	3	3	2
Recognized actuarial loss	--	--	865
Net periodic benefit cost	$ 799	$ 818	$ 671
WEIGHTED-AVERAGE ASSUMPTIONS			
Discount rate	5.50%-6.00%	5.50%-7.00%	5.00%
Expected return on plan assets	9.00%	10.00%	10.00%
Rate of compensation increase	2.50%-3.50%	3.50%-5.00%	4.00%-4.50%

The aggregate ABO for those plans with ABO's in excess of plan assets is $5,120 in 1998, which were not funded.

The Company's net pension costs included in operating results amounted to $2,524, $2,257, and $1,654 in 1998, 1997 and 1996, respectively. The pension expense for foreign pension plans of $799, $818, and $672 is included in the 1998, 1997 and 1996 net periodic pension expense, respectively.

BioWhittaker has established a noncontributory defined contribution target plan for its eligible employees. Under BioWhittaker's target plan, all domestic employees over 21 years of age who have completed one year of service with the Company participate. The target plan is 100% Company-funded, with annual contributions by the Company based on the employee's targeted benefit, determined by such factors as salary and expected years of service to age 65. Total target plan expenses amounted to $546 in 1998 and from the date of acquisition amounted to $126 in 1997.

Savings Plan

Cambrex makes available to all employees a savings plan as permitted under

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Sections 401(k) and 401(a) of the Internal Revenue Code. Effective August 1998, this plan became available to all BioWhittaker employees. Employee contributions are matched in part by Cambrex. The cost of this plan amounted to $1,523, $1,387, and $1,534, in 1998, 1997 and 1996, respectively.

BioWhittaker had available to all eligible employees a contributory 401(k) plan which was terminated in August 1998. Employee contributions had been matched in part by BioWhittaker. The cost of this plan amounted to $262 in 1998 and from the date of acquisition amounted to $115 in 1997.

Other

The Company has a non-qualified Compensation Plan for Key Executives ("the Deferred Plan"). Under the Deferred Plan, officers and key employees may elect to defer all or any portion of their pre-tax annual bonus and/or annual base salary. Included within other liabilities at December 31, 1998 and 1997 there is $3,005, and $2,764, respectively, representing the Company's obligation under the plan. To assist in the funding of this obligation, the Company invests in certain mutual funds and as such, included within other

(15) RETIREMENT PLANS -- (CONTINUED)
assets at December 31, 1998 and 1997 is $3,005 and $2,764, respectively, representing the fair value of these funds. During 1995, the Board amended the Deferred Plan to permit officers and key employees to elect to defer receipt of Company stock which would otherwise have been issued upon the exercise of Company options. Total shares held in trust as of December 31, 1998 and 1997 are 364,811 and 360,544, respectively; and are included as a reduction of equity at cost. The value of the shares held in trust and the corresponding liability of $1,375 at December 31, 1998 have been recorded in equity. The Deferred Plan is not funded by the Company, but the Company has established a Deferred Compensation Trust Fund which holds the shares issued.

(16) 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 ten years of service are eligible to participate in the postretirement benefit plans. The Company's responsibility for such premiums for each plan participant is based upon years of service subject to an annual maximum of one thousand dollars. Such plans are self-insured and are not funded.

The Company elected to amortize the transition obligation of $1,853 over twenty years. The net effect upon 1998, 1997 and 1996 pretax operating results, including the amortization of the transition obligation, resulted in a cost of $321, $285, and $316, respectively. Disclosure is presented in accordance with Statement of Financial Accounting Standards No. 132 "Employers' Disclosures About Pensions and Other Post Retirement Benefits" (SFAS 132).

	DECEMBER 31,	
	1998	1997
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 2,157	$ 2,141
Service cost	63	51

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Interest cost	165	150
Actuarial loss (gain)	154	(185)
Benefit obligation at end of year	2,539	2,157
Unrecognized net (gain) loss	(49)	241
Unrecognized translation obligation	(1,297)	(1,390)
Benefit obligation at end of year	$ 1,193	$ 1,008
Account recognized in the Statement of Financial Position:		
Accrued benefit liability	$ 1,193	$ 1,008
Net amount recognized	$ 1,193	$ 1,008

(16) OTHER POSTRETIREMENT BENEFITS -- (CONTINUED)

The periodic postretirement benefit cost includes the following components:

	YEARS ENDED DECEMBER 31,		
	1998	1997	1996
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost of benefits earned	$ 63	$ 51	$ 67
Interest cost	165	150	156
Amortization of unrecognized prior service cost	--	(9)	--
Amortization of transition obligation	93	93	93
Total periodic postretirement benefit cost	$321	$285	$316

The discount rate used to determine the accumulated postretirement benefit obligation was 6.75% and 7.25% in 1998 and 1997, respectively. The assumed health care cost trend rate used to determine the accumulated postretirement benefit obligation is 10.0%, declining ratably to 6.5% in 2002 and thereafter. A one-percentage-point increase in the assumed health care cost trend rate would not have a material effect on either the accumulated postretirement benefit obligation or the service and interest cost component of the net periodic post-retirement benefit cost.

(17) RESTRUCTURING

During the third quarter of 1998, the Company incurred a restructuring charge of $1,400 which includes the non-recurring costs resulting from the consolidation of administrative and management functions and resulted in the reduction of 44 employees. These costs are related to severance paid to terminated employees. The majority of these costs were incurred and paid prior to December 31, 1998.

(18) OTHER INCOME AND EXPENSE

Other expense (income) was $945, $(1,263) and $(194) for 1998, 1997 and 1996, respectively. Included in 1998 other expense were asset write-offs at the Zeeland facility of $522. Other income in 1997 included a 'gain of $954 on the

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

settlement of a foreign denominated loan. Additionally, 1997 other income included the final resolution and receipt of the settlement proceeds due from the 1996 premature termination of a contract by a customer for $766, offset by a charge of $507 for the settlement of a legal matter reached during the year. Other income in 1996 of $194 is related to foreign currency transaction gains.

(19) SEGMENT INFORMATION

The Company is involved principally in the manufacturing and marketing of products which include: Human Health, which include Active Pharmaceutical Ingredients produced under Food and Drug Administration (FDA) regulation for use in prescription drug products, Pharmaceutical Intermediates produced in current Good Manufacturing Practices (cGMP) facilities for use in the production of pharmaceuticals and over-the-counter drug products, Imaging Chemicals used in x-ray media, Personal Care Products used in cosmetics and for the pharmaceutical actives market, and Nutraceuticals used in health products; Biotechnology, consisting of cell culture and endotoxin detection products; Animal Health/Agriculture products including Vitamin B(3) used in feed additives, Agricultural Intermediates used in crop protection, and Animal Health products used as feed additives; and the Specialty Business segment which includes Performance Enhancing Chemicals used in photography, pigments, specialty polymers, fuel/oil additives, catalysts, and other specialty additives, and Polymer Systems products used in coatings, telecommunications, electronics and engineering plastics. Most of the Company's subsidiaries operate in more than one of these segments. The

(19) SEGMENT INFORMATION -- (CONTINUED)
exception is BioWhittaker which solely comprises the Biotechnology segment. The Company has provided financial information in order to show Gross Sales and Gross Profit by segment. All other financial information is available only for the Biotechnology Segment and for all other segments combined. The Company allocates Corporate expenses and interest to each of its subsidiaries. The interest allocation is based on 12% of subsidiary working capital and 9% of net property plant and equipment.

The following is a summary of business segment information:

GROSS SALES:	1998	1997	1996
Human Health	$194,766	$182,818	$174,398
Biotechnology	65,968	13,577	--
Animal Health/Agriculture	56,285	59,804	61,560
Specialty Business	124,664	123,884	133,521
	$441,683	$380,083	$369,479

GROSS PRODUCT SALES DETAIL FOR EACH SEGMENT	1998	1997	1996
Human Health:			
Active Pharmaceutical Ingredients	$120,459	$110,461	$103,809
Pharmaceutical Intermediates	24,844	23,430	16,311
Imaging Chemicals	14,179	17,617	23,024
Personal Care Ingredients	16,777	16,453	14,303
Biomedicals	3,977	4,286	5,888

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Catalysts	8,281	6,554	5,537
Chiral Tehnology	5,548	3,733	5,520
Neutraceuticals	701	284	6
Total Human Health	$194,766	$182,818	$174,398
Biotechnology:			
Cell Culture	$ 43,795	$ 9,126	$ --
Endotoxin Detection	18,852	3,539	--
Other	3,321	912	--
Total Biotechnology	$ 65,968	$ 13,577	$ --
Animal Health/Agriculture:			
Vitamin B(3)	$ 12,814	$ 12,163	$ 11,740
Animal Health	17,614	17,471	18,149
Agricultural Intermediates	25,857	30,170	31,671
Total Animal Health/Agriculture	$ 56,285	$ 59,804	$ 61,560
Specialty Business:			
Performance Enhancing Chemicals	$ 81,853	$ 81,640	$ 87,395
Polymer Systems	42,811	42,244	46,126
Total Specialty Business	$124,664	$123,884	$133,521

(19) SEGMENT INFORMATION -- (CONTINUED)

GROSS PROFIT:	1998	1997	1996
Human Health	$ 92,441*	$ 67,779	$ 54,633
Biotechnology	32,321	6,696	--
Animal Health/Agriculture	11,557	10,621	12,784
Specialty Business	27,098	28,866	33,919
	$163,417	$113,962	$101,336

NET INCOME:	1998	1997	1996
Biotechnology	$ 1,953	$(13,921)**	$ --
Human Health, Animal Health/Agriculture & Specialty Business	37,149	31,697	28,225
	$ 39,102	$ 17,776	$ 28,225

IDENTIFIABLE ASSETS	1998	1997	1996
Biotechnology	$ 27,799	$ 24,647	$ --
Human Health, Animal Health/Agriculture & Specialty			

Business	227,217	212,695	216,481
	$255,016	$237,342	$216,481

CAPITAL SPENDING	1998	1997	1996
Biotechnology	$ 4,215	$ 886	$ --
Human Health, Animal Health/Agriculture & Specialty Business	38,792	35,049	32,396
	$ 43,007	$ 35,935	$ 32,396

DEPRECIATION	1998	1997	1996
Biotechnology	$ 1,997	$ 428	$ --
Human Health, Animal Health/Agriculture & Specialty Business	28,550	24,238	22,788
	$ 30,547	$ 24,666	$ 22,788

AMORTIZATION	1998	1997	1996
Biotechnology	$ 4,358	$ 1,122	$ --
Human Health, Animal Health/Agriculture & Specialty Business	5,227	5,334	5,705
	$ 9,585	$ 6,456	$ 5,705

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* Includes royalty income of $19,298.

** Includes effect of non-recurring charge for $14,000 related to the value of in-process research and development efforts underway at the time of the acquisition of BioWhittaker, Inc., which was completed on October 3, 1997.

(20) FOREIGN OPERATIONS AND EXPORT SALES

Summarized data for the Company's operations for 1998, 1997 and 1996 are as follows:

	DOMESTIC	EUROPEAN	TOTAL
1998			
Gross sales	$284,839	$156,844	$441,683
Operating profit	38,414	34,453	72,867
Net income	26,392	12,710	39,102

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

Identifiable assets	414,742	202,312	617,054
1997			
Gross sales	$228,004	$152,079	$380,083
Operating profit	4,656	32,018	36,674
Net income	4,787	12,989	17,776
Identifiable assets	335,637	216,789	552,426
1996			
Gross sales	$218,013	$151,466	$369,479
Operating profit	22,296	23,978	46,274
Net income	22,094	6,131	28,225
Identifiable assets	179,164	225,280	404,444

Export sales, included in domestic gross sales, in 1998, 1997 and 1996 amounted to $64,174, $48,852, and $50,243 respectively. No country, in any of the given years, represents more than 10% of these export sales.

(21) COMMITMENTS

The Company has operating leases expiring on various dates through the year 2012. The leases are primarily for office and laboratory equipment and vehicles. At December 31, 1998, future minimum commitments under non-cancelable operating lease arrangements were as follows:

Year ended December 31:	
1999	$ 1,367
2000	903
2001	507
2002	417
2003 and thereafter	11,047
Net commitments	$14,241

Total operating lease expense was $2,412, $1,939, and $2,175 for the years ended December 31, 1998, 1997 and 1996, respectively.

In February, 1997, the Company signed a cooperative agreement with Albany Molecular Research, Inc. of Albany, New York. The Company will provide Albany Molecular Research financial support to develop processes specifically designed to fit into the Company's cGMP manufacturing facilities. In May, 1997, the Company formed an alliance with Fine Tech Ltd., of Technicon City, Israel, in which the Company will provide Fine Tech funding over the next three years for process improvement on existing and newly-developed generic drugs to be manufactured in the Company's cGMP facilities. The estimated commitments for the Research & Development agreements over the next three years is approximately $1,300.

(22) 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.

Environmental

In connection with laws and regulations pertaining to the protection of the environment, the Company is a party to several environmental remediation investigations and cleanups and, along with other companies, has been named a "potentially responsible party" for certain waste disposal sites (Superfund sites). 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 Company had accruals, included in current accrued liabilities and other noncurrent liabilities, of $4,800 and $7,400 at December 31, 1998 and 1997, respectively, for costs associated with the study and remediation of Superfund sites and the Company's current and former operating sites for matters that are probable and reasonably estimable. Based on currently available information and analysis, the company's accrual represents 73% of what it believes are the reasonably possible environmental cleanup related costs of a non-capital nature. The estimate of reasonably possible costs is less certain than the probable estimate on which the accrual is based. During the past three-year period, cash payments for environmental cleanup related matters were $1,800, $400 and $600 for 1998, 1997 and 1996, respectively. There were no provisions for environmental contingencies during the past three-year period. The Company reversed reserves of approximately $800 and $1,000 in 1998 and 1996, respectively, as a result of revised estimates. After reviewing information currently available, management believes any amounts paid in excess of the accrued liabilities will not have a material effect on its financial position or results of operations. However, these matters, if resolved in a manner different from the estimates could have a material adverse effect on financial condition, operating results and cash flows when resolved in a future reporting period.

Litigation

The Company and its subsidiary Profarmaco S.r.l. ("Profarmaco") were named as defendants in a proceeding instituted by the Federal Trade Commission ("FTC") on December 21, 1998, in the United States District Court for the District of Columbia. The complaint alleges that exclusive license agreements which Profarmaco entered into with Mylan Laboratories, Inc. ("Mylan") covering the drug master files for (and therefore the right to buy and use) two active pharmaceutical ingredients ("APIs"), lorazepam and clorazepate, were part of an effort on Mylan's part to restrict competition in the supply of lorazepam and clorazepate and to increase the price charged for these products when Mylan sold them as generic pharmaceuticals. The complaint further alleges that these agreements violate the Federal Trade Commission Act, and that Mylan, Cambrex, Profarmaco, and Gyma Laboratories of America, Inc., Profarmaco's distributor in the United States, engaged in an unlawful restraint of trade and conspired to monopolize and attempted to monopolize the markets for the generic pharmaceuticals incorporating the APIs. The FTC seeks a permanent injunction and other relief, including disgorgement of the profits generated through the licensing arrangements, which the FTC alleges to be in excess of $120,000 for all defendants. In accordance with the license agreement, the Company received royalties of approximately $19,300 and $1,000 for the years ended December 31, 1998 and 1997, respectively.

A lawsuit making similar allegations against the Company and Profarmaco, and seeking injunctive relief and treble damages, has been filed by the Attorneys General of 31 states and the District of Columbia in the United States District Court for the District of Columbia on behalf of those states and persons in those states who were purchasers of the generic pharmaceuticals. 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

(22) CONTINGENCIES -- (CONTINUED)
lorazepam and clorazepate in generic form, making allegations essentially similar to those raised in the FTC's complaint and seeking various forms of

relief including treble damages.

The Company believes that its licensing arrangements with Mylan are in accordance with regulatory requirements and will vigorously defend the FTC's actions and various other lawsuits and class actions. However, the Company and Mylan have terminated the exclusive licenses to the drug master files. The future royalty arrangements under the agreements have concluded as of December 31, 1998. In entering these licensing arrangements, the Company elected not to raise the price of its products and had no control or influence over the pricing of the final generic product forms by Mylan.

On May 14, 1998, the Company's Nepera subsidiary, a manufacturer and seller of 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. The Company understands that the subpoena was issued as part of the Federal Government's ongoing antitrust investigation into various business practices in the vitamin industry generally. The Company and Nepera have been cooperating fully with the government's investigation.

While it is not possible to predict with certainty the outcome of the FTC action and various other lawsuits and class actions, it is the opinion of management that the ultimate resolution of these proceedings should not have a material adverse affect on the Company's results of operations, cash flows and financial position. These matters if resolved in an unfavorable manner could have a material adverse affect on the operating results or cash flows when resolved in a future reporting period.

(23) SUBSEQUENT EVENT

On March 12, 1999, the Company announced the purchase of Irotec Laboratories, Ltd., a manufacturer of active pharmaceutical ingredients located in Cork, Ireland. Cambrex paid approximately $40,000 for the business, which includes a new $15,000 cGMP pharmaceutical manufacturing plant which is expected to be on line in the second quarter of 1999. In connection with the purchase, the Company signed a long-term agreement with Hexal AG, Germany's second largest generic pharmaceutical producer. The agreement covers the supply of an expected $50,000 to $75,000 of Active Pharmaceutical Ingredients (API) over the next five years.

CAMBREX CORPORATION

SELECTED QUARTERLY FINANCIAL DATA
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER(2)	YEAR(3)
1998					
Gross sales	$113,770	$116,173	$104,423	$107,317	$441,683
Net revenues	113,602	123,504	107,950	112,185	457,241
Gross profit	38,950	47,821	38,839	37,807	163,417
Net income	9,143	10,886	8,851	10,222	39,102
Earnings per share*:(1)					
Basic	$ 0.38	$ 0.45	$ 0.36	$ 0.42	$ 1.62
Diluted	$ 0.36	$ 0.43	$ 0.35	$ 0.40	$ 1.54
Average shares*:					
Basic	23,910	24,154	24,288	24,417	24,194
Diluted	25,052	25,548	25,483	25,534	25,412
1997					
Gross sales	$ 93,141	$100,773	$ 82,638	$103,531	$380,083
Net revenues	91,894	98,719	81,365	102,237	374,215
Gross profit	27,739	30,070	24,558	31,595	113,962
Net income	7,448	8,852	7,531	(6,055)	17,776
Earnings per share*:(1)					

Basic	$ 0.32	$ 0.38	$ 0.32	$ (0.26)	$ 0.75
Diluted	$ 0.31	$ 0.38	$ 0.30	$ (0.26)	$ 0.73
Average shares*:					
Basic	23,476	23,504	23,658	23,830	23,627
Diluted	23,988	24,034	24,810	25,004	24,419

- ---

(1) Earnings per share calculations for each of the quarters are based on the weighted average number of shares outstanding for each period, as such, the sum of the quarters may not necessarily equal the earnings per share amount for the year.

(2) Includes non-recurring charge for in-process research and development related to the acquisition of BioWhittaker in the fourth quarter of 1997. Additionally, the Company recognized $2,400 as a reduction of legal expenses in the fourth quarter of 1997 related to the recovery of past environmental costs associated with the settlement with a prior owner of one of the Company's operating facilities.

(3) Includes royalty income of $19,298 in net revenues related to a technology license agreement with Mylan Laboratories for use of intellectual property in 1998.

* Share and per share data reflect adjustments for a two-for-one stock split in the form of a dividend of one new share for each share held, paid on June 25, 1998.

PART III

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

ITEM 11 EXECUTIVE COMPENSATION.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information called for by Part III is hereby incorporated by reference to the information set forth under the captions "Principal Stockholders," "Board of Directors," "Election of Directors," and "Executive Compensation" in the registrant's definitive proxy statement for the Annual Meeting of Stockholders, to be held April 22, 1999, which meeting involves the election of directors, which definitive proxy statement is being filed with the Securities and Exchange Commission pursuant to Regulation 14A.

In addition, information concerning the registrant's executive officers has been included in Part I above under the caption "Executive Officers of the Registrant."

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. The following consolidated financial statements of the Company are filed as part of this report:

(a) 2. (i) The following schedule to the consolidated financial statements of the Company as filed herein and the Report of Independent Certified Public Accountants on Schedule are filed as part of this report.

All other schedules are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements of the Company or the notes thereto.

The registrant agrees, upon request of the Securities and Exchange Commission, to file as an exhibit each instrument defining the rights of holders of long-term debt of the registrant and its consolidated subsidiaries which has not been filed for the reason that the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis.

(b) Reports on Form 8-K

The registrant filed no reports on Form 8-K during the last quarter of the year ended December 31, 1998.

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Boards of Directors
of Cambrex Corporation:

Our audits of the consolidated financial statements referred to in our report dated January 22, 1999 (except for Note 23, as to which the date is March 12, 1999) of the 1998 Annual Report on Form 10-K of Cambrex Corporation and its subsidiaries also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
January 22, 1999

SCHEDULE II

CAMBREX CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(DOLLARS IN THOUSANDS)

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		ADDITIONS			
CLASSIFICATION	BALANCE BEGINNING OF YEAR	CHARGED TO COST AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	END OF YEAR
YEAR ENDED DECEMBER 31, 1998:					
Doubtful trade receivables and returns and allowances	1,705	257	--	412	1,550
Inventory and obsolescence provisions	15,943	6,046	--	(4,833)	17,156
YEAR ENDED DECEMBER 31, 1997:					
Doubtful trade receivables and returns and allowances	$ 1,453	$ 818	$ 57(1)	$ 623	$ 1,705
Inventory and obsolescence provisions	6,467	2,489	8,225(1)	1,238	15,943
YEAR ENDED DECEMBER 31, 1996:					
Doubtful trade receivables and returns and allowances	1,261	609	--	417	1,453
Inventory and obsolescence provisions	8,364	1,099	--	2,996	6,467

- ---------------
(1) Reserve of BioWhittaker acquired during 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ CYRIL C. BALDWIN, JR.

Cyril C. Baldwin, Jr.
Chairman of the Board of Directors

Date: March 22, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ CYRIL C. BALDWIN, JR. Cyril C. Baldwin, Jr.	Chairman of the Board of Directors	
/s/ DOUGLAS MACMILLAN Douglas MacMillan	Vice President Chief Financial Officer	
/s/ ROSINA B. DIXON, M.D.* Rosina B. Dixon, M.D.	Director	
/s/ GEORGE J. W. GOODMAN* George J. W. Goodman	Director	
/s/ ROY W. HALEY* Roy W. Haley	Director	March 22, 1999
/s/ KATHRYN RUDIE HARRIGAN, PHD* Kathryn Rudie Harrigan, PhD	Director	
/s/ LEON J. HENDRIX, JR.* Leon J. Hendrix, Jr.	Director	
/s/ ILAN KAUFTHAL* Ilan Kaufthal	Director	
/s/ WILLIAM B. KORB* William B. Korb	Director	
/s/ ROBERT LEBUHN* Robert LeBuhn	Director	
/s/ JAMES A. MACK* James A. Mack	Director	

SIGNATURE	TITLE	DATE
/s/ JOHN R. MILLER John R. Miller	Director	March 22, 1999
/s/ DEAN P. PHYPERS* Dean P. Phypers	Director	

*By /s/ CYRIL C. BALDWIN, JR.
Cyril C. Baldwin, Jr.

Attorney-in-Fact

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EXHIBIT INDEX

EXHIBIT NO.		DESCRIPTION
3.1	--	Restated Certificate of Incorporation of registrant (A) -- Exhibit 3(a).
3.2	--	By Laws of registrant. (E) -- Exhibit 4.2.
4.1	--	Form of Certificate for shares of Common Stock of registrant. (A) -- Exhibit 4(a).
4.2	--	Article Fourth of the Restated Certificate of Incorporation. (A) -- Exhibit 4(b).
4.3	--	Loan Agreement dated September 21, 1994 by and among the registrant, NBD Bank, N.A., United Jersey Bank, National Westminster Bank NJ, Wachovia Bank of Georgia, N.A., BHF-Bank, The First National Bank of Boston, Chemical Bank New Jersey, N.A., and National City Bank. (K).
4.4	--	Loan Agreement dated September 16, 1997 by and among the registrant, Chase Manhattan Bank as Administrative Agent and The First National Bank of Chicago as Documentation Agent. The bank group includes 13 domestic banks and 7 international banks. (Q)
10.1	--	Purchase Agreement dated July 11, 1986, as amended, between the registrant and ASAG, Inc. (A) -- Exhibit 10(r).
10.2	--	Asset Purchase Agreement dated as of June 5, 1989 between Whittaker Corporation and the registrant. (C) -- Exhibit 10(a).
10.3	--	Asset Purchase Agreement dated as of July 1, 1991 between Solvay Animal Health, Inc. and the registrant. (F).
10.4	--	Asset Purchase Agreement dated as of March 31, 1992 between Hexcel Corporation and the registrant. (H).
10.5	--	Stock Purchase Agreement dated as of September 15, 1994 between Akzo Nobel AB, Akzo Nobel NV and the registrant, for the purchase of Nobel Chemicals AB. (K).
10.6	--	Stock Purchase Agreement dated as of September 15, 1994 between Akzo Nobel AB, Akzo Nobel and the registrant, for the purchase of Profarmaco Nobel, S.r.l. (K).
10.7	--	Stock purchase agreement dated as of October 3, 1997 between BioWhittaker and the registrant. (Q)
10.10	--	1983 Incentive Stock Option Plan, as amended. (B).
10.11	--	1987 Long-term Incentive Plan. (A) -- Exhibit (g).
10.12	--	1987 Stock Option Plan. (B).
10.13	--	1989 Senior Executive Stock Option Plan. (J).
10.14	--	1992 Stock Option Plan. (J).
10.15	--	1993 Senior Executive Stock Option Plan. (J).
10.16	--	1994 Stock Option Plan. (J).
10.17	--	1996 Performance Stock Option Plan. (N).
10.20	--	Form of Employment Agreement between the registrant and its executive officers named in the Revised Schedule of Parties thereto. (D) -- Exhibit 10.A.
10.21	--	Revised Schedule of Parties to Employment Agreement (exhibit 10.20 hereto) (M).
10.22	--	Cambrex Corporation Savings Plan. (I).
10.23	--	Cambrex Corporation Supplemental Retirement Plan. (L).
10.24	--	Deferred Compensation Plan of Cambrex Corporation. (L).
10.25	--	Amendment to Deferred Compensation Plan of Cambrex Corporation (Exhibit 10.24 hereto). (P).
10.26	--	Cambrex Earnings Improvement Plan. (L).

10.27 -- Consulting Agreement dated December 15, 1994 between the registrant and Arthur I. Mendolia. (L).
10.28 -- Consulting Agreement dated December 15, 1995 between the registrant and Cyril C. Baldwin, Jr. (L).
10.29 -- Consulting Agreement between the registrant and James A. Mack. (L).
10.30 -- Additional Retirement Payment Agreement dated December 15, 1994 between the registrant and Arthur I. Mendolia. (L).

EXHIBIT NO.		DESCRIPTION
10.31	--	Additional Retirement Payment Agreement dated December 15, 1994 between the registrant and Cyril C. Baldwin, Jr. (L).
10.32	--	Additional Retirement Payment Agreement between the registrant and James A. Mack. (L).
10.40	--	Registration Rights Agreement dated as of June 6, 1985 between the registrant and the purchasers of its Class D Convertible Preferred stock and 9% Convertible Subordinated Notes due 1997. (A) -- Exhibit 10(m).
10.41	--	Administrative Consent Order dated September 16, 1985 of the New Jersey Department of Environmental Protection to Cosan Chemical Corporation. (A) -- Exhibit 10(q).
10.42	--	Registration Rights Agreement dated as of June 5, 1996 between the registrant and American Stock Transfer and Trust Company. (O) -- Exhibit 1.
10.50	--	Manufacturing Agreement dated as of July 1, 1991 between the registrant and A.L. Laboratories, Inc. (G).
21	--	Subsidiaries of registrant. (M).
23	--	Consent of Coopers & Lybrand L.L.P. to the incorporation by reference of its report herein in Registration Statement Nos. 33-22017, 33-21374, 33-37791, 33-81780 and 33-81782 on Form S-8 of the registrant. (M).
24	--	Powers of Attorney to sign this report. (M).
27	--	Financial Data Schedule. (M).

- ---

See legend on following page

EXHIBIT INDEX

(A) Incorporated by reference to the indicated Exhibit to registrant's Registration Statement on Form S-1 (Registration No. 33-16419).
(B) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-21374) and Amendment No. 1.
(C) Incorporated by reference to registrant's Annual Report on Form 10-K dated June 5, 1989.
(D) Incorporated by reference to the indicated Exhibit to registrant's Annual Report on Form 10-K for 1989.
(E) Incorporated by reference to the indicated Exhibit to

registrant's Registration Statement on Form S-8 (Registration No. 33-37791).

(F) Incorporated by reference to registrant's Current Report on Form 8-K dated July 1, 1991.

(G) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1991.

(H) Incorporated by reference to the registrant's Current Report on Form 8-K dated April 10, 1992 and Amendment No. 1 to its Current Report.

(I) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81780) dated July 20, 1994.

(J) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81782) dated July 20, 1994.

(K) Incorporated by reference to registrant's Current Report on Form 8-K dated October 26, 1994.

(L) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1994.

(M) Filed herewith.

(N) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-22017) dated February 19, 1997.

(O) Incorporated by reference to the registrant's Current Report on Form 8-A dated June 12, 1996.

(P) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1995.

(Q) Incorporated by reference to the registrant's Current Report on Form 8-K dated October 8, 1997.

CAMBREX CORPORATION

ANNUAL REPORT ON FORM 10-K

EXHIBIT 10.21

REVISED SCHEDULE OF PARTIES

NAME	TITLE	DATE OF AGREEMENT
James A. Mack.....	President and Chief Executive Officer	02/01/90
Claes Glassell.....	Vice President, Cambrex and President, Pharmaceutical and Fine Chemicals Group	10/12/94
Steven M. Klosk.....	Executive Vice President, Administration	10/21/92
Peter E. Thauer.....	Vice President, Law and Environment, General Counsel and Corporate Secretary	08/28/89
Salvatore J. Guccione.....	Vice President, Corporate Development	12/14/95
Douglas H. MacMillan.....	Vice President and Chief Financial Officer	04/14/97

CAMBREX CORPORATION

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

SUBSIDIARY	INCORPORATED IN:
CasChem, Inc.	Delaware
Cosan Chemical Corp.	New Jersey
Nepera, Inc.	New York
The Humphrey Chemical Co., Inc.	Delaware
Chiragene, Inc.	Delaware
Salsbury Chemicals, Inc.	Iowa
Zeeland Chemicals, Inc.	Michigan
BioWhittaker, Inc.	Delaware
Seal Sands Chemicals Limited	England
Profarmaco S.r.l.	Italy
Nordic Synthesis AB	Sweden
BioWhittaker Europe s.p.r.l.	Belgium

EXHIBIT 23

ACCOUNTANTS' CONSENT

Cambrex Corporation:

We consent to the incorporation by reference in the registration statements of Cambrex Corporation and its subsidiaries on Forms S-8 (File Nos. 33-22017, 33-21374, 33-7791, 33-81780, and 33-81782) of our report dated January 22, 1999 (except for Note 23, as to which the date is March 12, 1999), on our audits of the consolidated financial statements and financial statement schedule of Cambrex Corporation as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998 which report is included in this Annual Report on Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
March 22, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each officer and director of Cambrex Corporation, a Delaware corporation, whose signature appears below constitutes and appoints Cyril C. Baldwin, Jr., James A. Mack, and Douglas H. MacMillan, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Annual Reports on Form 10-K which said Cambrex Corporation may be required to file pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF each of the undersigned has executed this instrument as of the 28th day of January 1999.

/s/ CYRIL C. BALDWIN
- ----------
Cyril C. Baldwin, Jr.
Chairman of the Board of Directors

/s/ DOUGLAS H. MACMILLAN
- ----------
Douglas H. MacMillan
Vice President
Chief Financial Officer

/s/ ROSINA B. DIXON
- ----------
Rosina B. Dixon M.D.
Director

/s/ GEORGE J.W. GOODMAN
- ----------
George J.W. Goodman
Director

/s/ ROY W. HALEY
- ----------
Roy W. Haley
Director

/s/ KATHRYN RUDIE HARRIGAN, PHD
- ----------
Kathryn Rudie Harrigan, PhD
Director

/s/ JAMES A. MACK
- ----------
James A. Mack
President, Chief Executive Officer
Director

/s/ LEON J. HENDRIX, JR.

Leon J. Hendrix, Jr.
Director

/s/ ILAN KAUFTHAL

Ilan Kaufthal
Director

/s/ WILLIAM B. KORB

William B. Korb
Director

/s/ ROBERT LEBUHN

Robert LeBuhn
Director

/s/ JOHN R. MILLER

John R. Miller
Director

/s/ DEAN P. PHYPERS

Dean P. Phypers
Director

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