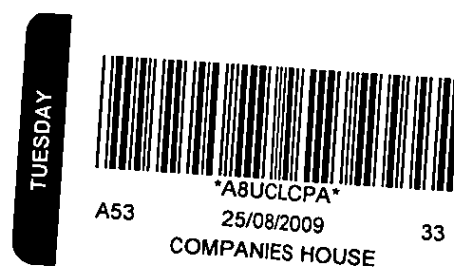


**CAMBRIDGE DISCOVERY LIMITED**

**Report and Financial Statements**

**31 December 2008**



# **CAMBRIDGE DISCOVERY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **CAMBRIDGE DISCOVERY LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

Christopher Newton  
Onno van de Stolpe

### **SECRETARY**

Johan Gustaaf Cyriel Van den Eynde

### **REGISTERED OFFICE**

Chesterford Research Park  
Saffron Walden  
Essex  
CB10 1XL

### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Cambridge

# **CAMBRIDGE DISCOVERY LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The company did not trade during the year and is expected to remain non-trading for the foreseeable future.

### **SUBSEQUENT EVENTS AND GOING CONCERN**

Since the balance sheet date, the directors have commenced a process to liquidate the company. The financial statements have therefore been prepared on a basis other than that of a going concern, as explained more fully in note 1 to the financial statements.

### **DIRECTORS**

The directors who served throughout the year were:

C G Newton  
O van de Stolpe

### **DIRECTORS' INDEMNITIES**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **CAMBRIDGE DISCOVERY LIMITED**

## **DIRECTORS' REPORT**

### **AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



C Newton  
Director

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMBRIDGE DISCOVERY LIMITED**

We have audited the financial statements of Cambridge Discovery Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CAMBRIDGE DISCOVERY LIMITED (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**Emphasis of matter - Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

*Deloitte LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

*21 August 2009*

# CAMBRIDGE DISCOVERY LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

	Note	2008 £	2007 £
<b>Operating loss</b>		-	-
Interest payable and similar charges	4	<u>(214,917)</u>	<u>(240,867)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(214,917)	(240,867)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<u>(214,917)</u>	<u>(240,867)</u>

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.




# CAMBRIDGE DISCOVERY LIMITED

## BALANCE SHEET 31 December 2008

	Note	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	6	27,539,331	27,539,331
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(7,581,966)</u>	<u>(7,581,966)</u>
<b>NET CURRENT ASSETS</b>		19,957,365	19,957,365
<b>CREDITORS: amounts falling due after more than one year</b>	8	<u>(3,146,904)</u>	<u>(3,146,904)</u>
<b>NET ASSETS</b>		<u>16,810,461</u>	<u>16,810,461</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Share premium account	10	1,978,800	1,978,800
Profit and loss account	10	<u>14,830,661</u>	<u>14,830,661</u>
<b>SHAREHOLDERS' FUNDS</b>	11	<u>16,810,461</u>	<u>16,810,461</u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 August 2009  
They were signed on its behalf by

  
**C Newton**  
 Director

# **CAMBRIDGE DISCOVERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2008**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

Since the balance sheet date, the directors have commenced a process to liquidate the company.

As required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

The directors consider that the company will be able to meet its intercompany obligations, for the reasons explained below:

- the company's only liabilities comprise an amount of £7,581,966 owed to Cambridge Drug Discovery Holdings Limited, its immediate parent company, and preference shares amounting to £3,146,904; and
- the directors have received a letter of intent from the directors of Cambridge Drug Discovery Holdings Limited that they will not seek repayment of the amounts owed to them for a period of at least 12 months from the date of approval of these financial statements or until such time as the obligations can be settled by way of the outstanding intercompany debtor, for an amount of £27,539,331.

The financial statements do not contain any adjustments that would result in the event that the ultimate recoverability of the intercompany debtors was insufficient to discharge the intercompany liabilities referred to above.

#### **Cash flow statement**

Under FRS 1 (revised 1996) 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

### **2. AUDITORS' REMUNERATION**

Auditors' remuneration of £1,000 (2007 - £1,000) was borne by BioFocus DPI Limited, an intermediate parent company, in both years.

### **3. EMPLOYEES AND DIRECTORS**

The company did not have any employees in the current year or preceding year.

The directors received no emoluments for their services to the company (2007 - £nil).

# CAMBRIDGE DISCOVERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2008

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Accrued preference dividend	<u>214,917</u>	<u>240,867</u>

### 5. TAX ON LOSS ON ORDINARY ACTIVITIES

#### (a) Analysis of charge for the year:

	2008 £	2007 £
<b>Current tax</b>		
UK corporation tax	-	-
Total current tax	-	-
<b>Total tax on loss on ordinary activities</b>	-	-

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).

The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	<u>(214,917)</u>	<u>(240,867)</u>
Loss on ordinary activities before tax at the standard rate of UK corporation tax of 28.5% (2007: 30%)	(61,251)	(72,260)
Expenses not deductible for tax purposes	<u>61,251</u>	<u>72,260</u>
<b>Current tax charge for the year</b>	-	-

#### c) Factors affecting tax charge for future years

The company has no losses for tax purposes (2007 - £nil) available to carry forward at 31 December 2008 against future profits.

# **CAMBRIDGE DISCOVERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 December 2008**

### **6. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amount due from intermediate parent company	<u>27,539,331</u>	<u>27,539,331</u>

### **7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amount owed to immediate parent company	<u>7,581,966</u>	<u>7,581,966</u>

### **8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Preference shares	<u>3,146,904</u>	<u>3,146,904</u>

### **9. CALLED UP SHARE CAPITAL**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
10,000 ordinary shares of 10p each	<u>1,000</u>	<u>1,000</u>
31,469,041 preference shares of 10p each (included in creditors - see note 8)	<u>3,146,904</u>	<u>3,146,904</u>
<b>Allotted, called up and fully paid</b>		
10,000 ordinary shares of 10p each	<u>1,000</u>	<u>1,000</u>
31,469,041 preference shares of 10p each (included in creditors - see note 8)	<u>3,146,904</u>	<u>3,146,904</u>

## CAMBRIDGE DISCOVERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2008

#### 9. CALLED UP SHARE CAPITAL (continued)

The preference shares attract a cumulative preferential net cash dividend of 2.5% per annum above the Bank of England base rate, payable in arrears on 30 June and 31 December. The first payment was due on 31 December 2002 in respect of the period commencing from the date of issue.

The preference shares have priority over the ordinary shares for the return of the capital on liquidation or on a capital reduction. The preference shares confer no voting rights except in circumstances laid down in the Articles of Association of the company.

The company may redeem the preference shares at par in accordance with the terms of the Articles of Association.

#### 10. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2008	1,978,800	14,830,661
Loss for the financial year	-	214,917
Preference share dividend waived by shareholder	-	(214,917)
At 31 December 2008	<u>1,978,800</u>	<u>14,830,661</u>

#### 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(214,917)	(240,867)
Dividend waiver	<u>214,917</u>	<u>240,867</u>
	-	-
Opening shareholders' funds	<u>16,810,461</u>	<u>16,810,461</u>
Closing shareholders' funds	<u>16,810,461</u>	<u>16,810,461</u>

#### 12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to 90% subsidiaries under Financial Reporting Standard No 8 "Related party disclosures" not to disclose transactions with other group companies (or investees of the group qualifying as related parties).

## **CAMBRIDGE DISCOVERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2008**

#### **13. SUBSEQUENT EVENTS**

Since the balance sheet date, the directors have commenced a process to liquidate the company.

#### **14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company is a subsidiary undertaking of Cambridge Drug Discovery Holdings Limited, incorporated in England and Wales. The ultimate parent company and controlling party is Galapagos NV, incorporated in Belgium.

The largest and smallest group in which the results of the company are consolidated is that headed by Galapagos NV. The consolidated accounts of Galapagos NV are available to the public and may be obtained from Galapagos NV, General De Wittelaan, L11/A3, 2800 Mechelen, Belgium.