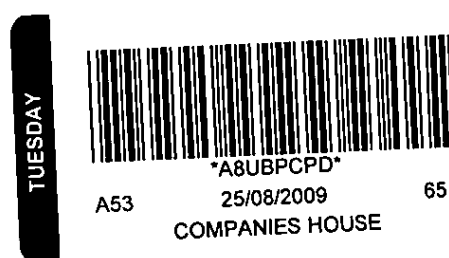


**CAMBRIDGE DRUG DISCOVERY
HOLDINGS LIMITED**

Report and Financial Statements

31 December 2008



CAMBRIDGE DRUG DISCOVERY HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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CAMBRIDGE DRUG DISCOVERY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2008

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 DRUG DISCOVERY HOLDINGS 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

The principal activity of the company was that of a holding company.

REVIEW OF DEVELOPMENTS

The company did not trade during the year.

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:

Christopher Newton
Onno 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 DRUG DISCOVERY HOLDINGS 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 DRUG DISCOVERY HOLDINGS LIMITED

We have audited the financial statements of Cambridge Drug Discovery Holdings Limited for the year ended 31 December 2008 which comprise the balance sheet and the related notes 1 to 10. 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMBRIDGE DRUG DISCOVERY HOLDINGS 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 result 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 DRUG DISCOVERY HOLDINGS LIMITED

BALANCE SHEET 31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investments	5	2,080,310	2,080,310
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	6	7,756,939	7,756,939
NET ASSETS		<u>9,837,249</u>	<u>9,837,249</u>
CAPITAL AND RESERVES			
Called up share capital	7	302,915	302,915
Share premium account		12,556,771	12,556,771
Profit and loss account		<u>(3,022,437)</u>	<u>(3,022,437)</u>
SHAREHOLDERS' FUNDS		<u>9,837,249</u>	<u>9,837,249</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 DRUG DISCOVERY HOLDINGS 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.

Consolidation

The company was, at the end of the year, a wholly owned subsidiary of another company incorporated in a member state of the EU. As a result, the company, in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated financial statements. The financial statements therefore provide information about the company and not about its group.

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.

Investments

Fixed asset investments are stated at cost less provision for impairment.

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the current year or preceding year and has therefore made neither a profit or loss nor any other recognised gains or losses in either the current year or preceding year.

3. AUDITORS' REMUNERATION

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

4. 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 DRUG DISCOVERY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

5. FIXED ASSET INVESTMENTS

	Interests in group undertakings £
Cost and net book value	
At 1 January 2008 and 31 December 2008	<u>2,080,310</u>

Interests in group undertakings comprise the following:

Name of company	Country of incorporation	Description of shares	Interests in group undertakings	Capital and reserves £
Cambridge Discovery Limited	England and Wales	Ordinary and preference shares	100%	16,810,461
Cambridge Genetics Limited	England and Wales	Ordinary shares	<u>100%</u>	<u>2</u>

The subsidiary companies did not trade during the year.

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

	2008 £	2007 £
Amount due from subsidiary company	7,581,965	7,581,965
Amount due from intermediate parent company	<u>174,974</u>	<u>174,974</u>
	<u>7,756,939</u>	<u>7,756,939</u>

CAMBRIDGE DRUG DISCOVERY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

7. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
111,540 ordinary shares of £1 each	111,540	111,540
88,634 "A" ordinary shares of £1 each	88,634	88,634
162,259 "B" ordinary shares of £1 each	162,259	162,259
	<u>362,433</u>	<u>362,433</u>
Allotted, called up and fully paid		
90,613 ordinary shares of £1 each	90,613	90,613
88,634 "A" ordinary shares of £1 each	88,634	88,634
123,668 "B" ordinary shares of £1 each	123,668	123,668
	<u>302,915</u>	<u>302,915</u>

The "A" and "B" ordinary shares are convertible into a like number of ordinary shares at any time. In the event of a return of capital the "B" ordinary shareholders have first priority, followed secondly by the "A" ordinary shareholders and finally by the ordinary shareholders. In all other respects the "A" and "B" ordinary shares are identical to the ordinary shares.

8. 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).

9. RELATED PARTY TRANSACTIONS

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

10. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of BioFocus DPI 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.