

Galapagos announces half year 2005 results

- Financials on target for 2005 increased annual revenues and cash burn of around € 7 million
- Initial public offering provided € 22.4 million in new capital
- New partnerships further strengthen competitive position in services business
- Drug discovery programs advance according to plan

Mechelen, Belgium and Leiden, The Netherlands, August 12, 2005 – Galapagos NV (Euronext: GLPG) today announced its financial results for the first half of 2005.

Total revenue for the first six months of 2005 amounted to € 2.2 million, compared to € 2.3 million in the first six months of 2004, due to a decrease in government grants recognized in this period. The net loss for the first half of 2005 increased to € 3.4 million from € 3.0 million in the same period last year. Cash and cash equivalents amount to € 27.5 million on June 30, 2005.

“Galapagos is on track to make projected revenue and cash burn targets for 2005, while moving forward in executing our strategic goals. We experienced a 5% growth in service and product revenue during the first half of 2005. New agreements in this period with Novartis, the Cystic Fibrosis Foundation, Celera Genomics and, as announced today, with the High Q Foundation, underscore the industry confidence in Galapagos’ technology,” said Onno van de Stolpe, Galapagos’ CEO. “With the strength of our Euronext listing, we anticipate expanding our product offering and enhancing our competitiveness.”

Key figures half year 2005 (€ thousand, except net loss per share)

	June 30, 2005	June 30, 2004	% change
Revenue	2,202	2,264	-2.7%
Loss from operations	-3,435	-3,012	14%
Finance income	27	24	13%
Loss before taxes	-3,408	-2,989	14%
Taxes	11	-6	
Net loss for the period	-3,397	-2,994	13%
Basic loss per share (€)	-0.51	-0.50	2%
Cash and cash equivalents	27,527	10,665	158%

Details of half year 2005 financial results

Revenue

Galapagos' revenues for the first half of 2005 amounted to € 2.2 million, a decrease of 2% on the € 2.3 million recorded in the same period of 2004.

Galadeno service division revenues amounted to € 1.2 million for the half year compared to € 1.1 million for the same period in 2004.

Government grants in the first half year of 2005 were € 1.0 million compared to € 1.1 million in the same period last year.

Due to the nature of the contracts Galapagos has secured, the Company expects to see fluctuations in revenues on a short-term basis, but is on track to see an increase in revenues as compared to 2004.

Results

The net loss for the first half year of 2005 was € 3.4 million, or € 0.51 per share, an increase of € 0.4 million from the € 3.0 million, or € 0.50 per share for the first half of 2004.

Total research and development expenses in the first half year 2005 were € 2.8 million, compared to € 2.6 million in the same period 2004.

Selling, general and administrative expenses remained stable at € 2.1 million in the first half of 2005 when compared to those in the first half of 2004.

Cash flow and cash position

A net increase of € 17.2 million in cash and cash equivalents was recorded during the first half of 2005. Cash used in operations was € 3.2 million, on track for this year's projected cash burn of around € 7.0 million. Furthermore, total lease payments made and investments in equipment amounted to € 0.5 million. Galapagos raised € 22.4 million in a public offering priced at € 7 per share, amounting to a net cash contribution of € 20.8 million.

Galapagos' cash and cash equivalents amounted to € 27.5 million on June 30, 2005.

Operational highlights

Partnering activities

- Target discovery alliance in asthma and related diseases with GlaxoSmithKline
- Collaborations with Novartis Pharmaceuticals (UK) and Celera Genomics (US)
- Target discovery alliance with Cystic Fibrosis Foundation (US)
- Agreement in principle for target discovery alliance with High Q Foundation (US) for Huntington disease (signed in third quarter)

Galapagos' target discovery platform is based on adenoviruses that efficiently introduce human gene sequences into a wide variety of human cells to knock-in or knock-down specific proteins. High-throughput assays that represent a selected human disease are used to select for those proteins that

have an effect in those human disease models. After rigorous validation of these protein targets, they form the basis for the development of drugs.

The Company's adenoviral collections and screening technology are made available to pharmaceutical and biotech companies through Galadeno, Galapagos' partnering unit. Revenue is generated by sales of adenoviruses, as sets from the collection or individually, and from advanced contract research services in target discovery and validation, including design and validation of cell-based screening assays. Galadeno's ongoing target discovery collaborations with Bayer Healthcare and Celgene are progressing according to plan and several new projects, such as the alliance with GlaxoSmithKline, the virus production agreement with Celera Genomics and the research agreement with Novartis Pharmaceuticals are now underway. In addition to these collaborations with pharmaceutical and biotech companies, Galadeno initiated a funded target discovery program with the Cystic Fibrosis Foundation, in a quest for drug targets against this currently untreatable disease. We announced today that we have reached an agreement in principle for a substantial target discovery program in Huntington Disease with the High Q Foundation, amounting to €2.4 million revenues for Galapagos in a two year program.

Galapagos drug discovery

- Progressed arthritis targets in kinase drug discovery collaboration with BioFocus
- Established Asinex drug discovery collaboration
- Protein technologies collaboration with TNO
- Drug discovery collaboration with ZoBio, Pyxis and Leiden University, supported by Dutch government grant of € 1.2 million (signed in third quarter)

Galapagos has used its unique technology to discover and validate novel small molecule drugable targets in rheumatoid arthritis, osteoarthritis, osteoporosis, Alzheimer's disease and asthma. For Galapagos' internal drug discovery efforts, the Company has chosen to focus on the bone and joint diseases – rheumatoid arthritis, osteoarthritis, and osteoporosis - to build a pipeline of new chemical entities to treat these diseases.

During the first half of 2005, Galapagos has taken three additional targets into drug discovery, on top of the three targets that entered that phase in 2004. Several key collaborations within these programs have enabled the Company to make rapid progress. In its rheumatoid arthritis program, excellent progress has been recorded in the hit-to-lead phase of identifying novel therapeutics in the collaboration with BioFocus in the UK. In a collaboration with Asinex in Russia, Galapagos advanced two projects into drug discovery. In addition, the collaboration that was announced this week with ZoBio, Pyxis Discovery and Leiden University, has enabled Galapagos to take advantage of cutting-edge drug discovery technology in the progression of one of its proprietary targets in arthritis. As part of the € 1.2 million government grant for the collaboration, Galapagos will receive € 550k in support of this program.

The asthma program, which was licensed late 2004 to GlaxoSmithKline under a target licensing and multi-year target identification agreement, is progressing according to plan.

Intellectual property: In addition to issued patents in Europe and US, Galapagos recently received the Japanese patent for using adenoviral libraries for the high-throughput screening of gene function. Within our drug discovery program, the first two patents have been filed on new chemical entities that were discovered based on two of Galapagos' arthritis targets. Overall, Galapagos has filed more than 30 patent applications worldwide for protection of its discovery technology and

protein targets identified in Galapagos' disease programs. The trademark "SilenceSelect" was granted to Galapagos by the United States Patent and Trademark office in May 2005.

Corporate: In May 2005, Galapagos completed its initial public offering on the Euronext Brussels (ticker symbol: GLPG) and Euronext Amsterdam (GLPGA) stock exchanges, with the first day of trading on May 6, 2005. On June 3, 2005 Galapagos announced that it had raised an additional € 2.0 million through the exercise of the over-allotment option, bringing the total number of shares placed in the offering at 3,229,499, raising € 22.4 million for Galapagos.

As a result of Galapagos' listing on Euronext, Galapagos' Board of Directors has changed in composition: Ferdinand Verdonck and Harrold van Barlingen have joined as Directors. Concurrently, Ronald Brus (CEO of Crucell and Director since June 1999), Stephen Bunting (Managing Director of Abingworth and Director since March 2002), Steven Burrill (Managing Director of Burrill and Director since March 2003) and Dirk Pollet (VP Business Development of Galapagos and Director since November 2000) stepped down as Directors of Galapagos.

Andre Hoekema joined the Executive Council of Galapagos as Managing Director Galadeno. Johan Van den Eynde joined the Galapagos management team as Director Legal and Human Resources.

Conference call and webcast presentation

Galapagos will conduct a conference call open to the public today at 09.30 Central European Time (CET), which will also be webcast. To participate in the conference call, please call +32 2290 1608 ten minutes prior to commencement. A question and answer session will follow the presentation of the results. The live audio webcast can be accessed via Galapagos' website at www.glpj.com, and will be available for replay from 14.00 CET on the day of the event and archived for one year.

About Galapagos

Galapagos is a publicly traded, genomics-based drug discovery company (Euronext Brussels, GLPG; Euronext Amsterdam, GLPGA) that has successfully discovered and validated novel targets in the bone and joint diseases - osteoarthritis, osteoporosis and rheumatoid arthritis, as well as in asthma and Alzheimer's disease. Proprietary targets and compounds resulting from these programs are used for Galapagos' internal drug discovery programs, combined with selected out-licensing and partnering of projects during development. Galadeno, Galapagos' partnering unit, provides reagents and functional screens to leading pharmaceutical, biotech and nutraceutical companies for rapid identification and validation of novel drug targets. Galapagos currently employs 71 people, including 17 PhDs, and occupies facilities in Mechelen, Belgium, and Leiden, The Netherlands. Partners include Bayer, Boehringer Ingelheim, Celgene, GlaxoSmithKline, Novartis, Vertex and Wyeth.

More information about Galapagos and Galadeno can be found at www.glpj.com.

Contact:

Onno van de Stolpe

CEO Galapagos

Phone: +31 62 909 8028

E-mail: onno@galapagos.be

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30 2005, 2004**

In thousands of Euro <i>(except per share data)</i>	Six months ended June 30,	
	2005	2004
Revenue	1,181	1,127
Income from government grants	1,021	1,138
<i>Total revenues</i>	<i>2,202</i>	<i>2,264</i>
Cost of sales	-744	-634
<i>Gross profit</i>	<i>1,458</i>	<i>1,631</i>
R&D expenses	-2,788	-2,558
Sales, general and administrative expenses	-2,105	-2,085
<i>Result from operations</i>	<i>-3,435</i>	<i>-3,012</i>
Finance income/ (cost)	27	24
<i>Result before taxes</i>	<i>-3,408</i>	<i>-2,989</i>
Taxes	11	-6
<i>Result for the period</i>	<i>-3,397</i>	<i>-2,994</i>
<i>Net loss per share</i>	<i>-0.51</i>	<i>-0.50</i>

CONSOLIDATED BALANCE SHEET

In thousands of Euro	June 30, 2005	June 30, 2004	December 31, 2004
ASSETS			
Non-current Assets			
Intangible assets	422	639	447
Property Plant and Equipment	2,669	2,974	2,625
	3,091	3,613	3,072
Current Assets			
Inventories	152	186	98
Trade and Other Receivables	2,120	1,610	2,169
Cash and Cash Equivalents	27,527	10,665	10,274
	29,799	12,461	12,541
TOTAL ASSETS	32,890	16,074	15,613
CURRENT LIABILITIES			
Trade and other payables	3,042	2,924	2,765
Obligations under finance lease	110	102	106
Payroll and tax liabilities	536	622	961
	3,688	3,648	3,832
<i>Net current assets</i>	26,111	8,813	8,709
NON CURRENT LIABILITIES			
Obligations under finance lease	1,356	1,467	1,413
Total liabilities	5,044	5,115	5,246
EQUITY			
Capital and reserves	52,433	31,555	31,557
Accumulated profit/(loss)	-24,588	-20,596	-21,190
Total equity	27,846	10,959	10,368
TOTAL EQUITY AND LIABILITIES	32,890	16,074	15,613

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE SIX MONTHS ENDED JUNE 30**

In thousands of Euro	Six months ended June 30,	
	2005	2004
Cash used in operations	-3,125	-2,221
Interest paid	-75	-81
<i>NET CASH USED IN OPERATING ACTIVITIES</i>	<i>-3,200</i>	<i>-2,302</i>
Purchases of property, plant and equipment	-402	-83
Purchases of and expenditure in intangible assets	-32	-42
Net cash from/(used in) investment activities	-434	-125
Repayment of obligations under finance lease	-53	-48
Proceeds of capital increases, net of issue costs	20,826	
Interest received and other financial income	103	105
Net cash from/(used in) financing activities	20,876	57
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17,242	-2,370
Cash and cash equivalents at the beginning of the year	10,274	13,036
Cash and cash equivalents at the end of the period	27,516	10,666

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

In thousands of Euro

(except number of shares)

	Number of shares	Share Capital	Retained Earnings	Total
Balance on 1 January 2004	23,754,226	31,552	-17,601	13,951
As previously reported				
Share based compensation		3		3
Net loss of the period			-2,994	-2,994
Balance on 30 June 2004	23,754,226	31,555	-20,595	10,959
Share based compensation		5		5
Net loss of the period			-3,589	-3,589
Balance on 31 December 2004	23,754,226	31,557	-21,190	10,367
4:1 Reverse split	5,938,556			0
Capital increase 1st round	2,941,816	20,389		20,389
Capital increase 2nd round	289,795	2,029		2,029
Cost of capital increase		-1,592		-1,592
Share based compensation		50		50
Net loss of the period			-3,397	-3,397
Balance on 30 June 2005	9,170,167	52,433	-24,587	27,846