

Consolidated income statements for the year ended 31 December

Thousands of €	2006	2005	2004
Revenues	35,152	11,240	7,777
Cost of sales	-19,533	-4,829	-1,288
Gross profit	15,619	6,411	6,489
Other income	2,993	78	
R&D Expenditure	-15,863	-8,900	-7,343
General and administrative costs	-11,963	-3,537	-2,620
Sales and marketing expenses	-1,972	-421	-134
Integration costs	-621	-281	
Operating loss	-11,807	-6,650	-3,608
Finance income	370	368	202
Finance costs	-1,057	-369	-162
Loss before tax	-12,494	-6,651	-3,568
Current income tax charges	1,159	110	-21
NET LOSS FOR THE YEAR	-11,335	-6,541	-3,589
Weighted average number of shares in issue ('000)	13,543	8,936	5,939
Basic and diluted loss per share in €	-0.84	-0.73	-0.60

Consolidated balance sheets at 31 December

Assets

Thousands of €	2006	2005	2004
NON-CURRENT ASSETS	87,781	45,018	3,072
Goodwill	35,560	29,481	
Intangible assets	17,844	4,869	447
Property, plant and equipment	25,965	9,399	2,625
Deferred tax assets	727		
Available for sale financial assets	1,054	978	
Other non-current assets	6,631	291	
CURRENT ASSETS	79,865	36,545	12,541
Inventories	3,499	3,142	98
Trade and other receivables	24,847	9,786	2,169
Cash and cash equivalents	51,519	23,617	10,274
TOTAL ASSETS	167,646	81,563	15,613

Equity and liabilities

Thousands of €	2006	2005	2004
TOTAL EQUITY	109,542	61,136	10,367
Share capital	104,396	69,049	31,557
Share premium account	44,170	19,816	
Translation differences	9	3	
Accumulated losses	-39,034	-27,731	-21,190
TOTAL LIABILITIES	58,104	20,427	5,246
NON-CURRENT LIABILITIES	28,826	6,362	1,638
Pension liabilities	905		
Provisions	22,089		
Deferred tax liabilities	594	1,542	225
Finance lease liabilities	4,595	4,606	1,413
Other non-current liabilities	643	214	
CURRENT LIABILITIES	29,278	14,065	3,608
Provisions	556		
Financial lease liabilities	3,172	2,967	106
Other financial liabilities		394	
Trade and other payables	25,431	9,568	2,766
Current income tax payable	119	1,136	736
TOTAL LIABILITIES AND EQUITY	167,646	81,563	15,613

Consolidated cash flow statements for the years ended 31 December

Thousands of €	2006	2005	2004
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,617	10,274	13,036
Result from operations	-11,807	-6,650	-3,608
Adjustments for:			
Depreciation of property, plant and equipment	3,480	941	763
Amortization of intangible fixed assets	1,246	374	332
Impairment loss on intangible assets	10		93
Exchange gain on translation of net assets of subsidiary	-68	-219	
Share based compensation	703		
Increase provisions	-74		
Negative goodwill	-2,425		
Operating cash flows before movements in working capital	-8,933	-5,554	-2,512
(Increase)/decrease in inventories	293	943	51
(Increase)/decrease in receivables	-3,487	-2,319	844
Increase/(decrease) in payables	7,326	3,377	-936
Increase/(decrease) in provisions		-7	
Cash used in operations	-4,801	-3,560	-2,553
Interest paid and other financial costs	-1,057	-369	-157
Taxes	-3,452	42	
NET CASH FLOWS USED IN OPERATING ACTIVITIES	-9,310	-3,887	-2,710
Purchase of property, plant and equipment	-4,120	-1,061	-103
Purchase of and expenditure in intangible fixed assets	-146	-50	-45
Acquisition of subsidiary	1,798	-2,807	
NET CASH USED IN INVESTING ACTIVITIES	-2,468	-3,918	-148
Repayment of obligations under finance leases	-1,553	-351	-106
Proceeds of capital increases, net of issue costs	40,949	20,821	
Proceeds from share issues		322	
Interest received and other financial income	370	368	202
NET CASH FROM FINANCING ACTIVITIES	39,766	21,160	96
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,986	13,355	-2,762
Effect of exchange rates on cash and cash equivalents	-86	-12	
CASH AND CASH EQUIVALENTS AT END OF YEAR	51,519	23,617	10,274

Consolidated statement of changes in shareholders equity

Thousands of €	Share capital	Share premium	Translation difference	Retained earnings	Total
Balance on 1 January 2004	31,552			-17,601	13,951
Share based compensation	5				5
Net loss for the year				-3,589	-3,589
Balance on 31 December 2004	31,557			-21,190	10,367
Capital increase	17,675	4,877			22,551
Cost of capital increase	-1,962				-1,962
BioFocus acquisition	18,934	14,939			33,873
Share based compensation	235				235
Unissued shares for BioFocus	2,610				2,610
Net loss for the year				-6,541	-6,541
Translation difference			3		3
Balance on 31 December 2005	69,049	19,816	3	-27,731	61,137
Exchanged differences on translating foreign operations			6	33	39
Net result				-11,335	-11,335
Share based compensation	703				703
Issue of share capital	35,781	24,354			60,135
Cost of capital increase	-1,596				-1,596
Exercise warrants	459				459
Balance on 31 December 2006	104,396	44,170	9	-39,034	109,542

The consolidated financial statements of Galapagos NV (hereafter the "Group") were approved by the Board of Directors and authorized for issue on 1 March 2007. They were signed on its behalf by:

Onno van de Stolpe
 Executive Director
 1 March 2007