Galapagos Interim Report 2011

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Letter to our shareholders

Dear Shareholder,

Galapagos is on track for building a sizeable pipeline while maintaining a strong cash position. We are progressing around 50 programs in discovery and development, most of which are based on new modes of action. The R&D division currently has five programs in clinical development, including a novel, selective JAK1 inhibitor expected to complete a Phase II Proof-of-Concept trial in rheumatoid arthritis patients before year end. We also initiated new patient and Proof-of-Mechanism clinical studies for three other programs so far this year. Our service operations generated 10% organic revenue growth and a segment profit of €2.9 M, solidifying our leadership in premium drug discovery services. Overall, the Galapagos Group recorded revenues of €39.7 M from continuing operations for the first six months and ended the period with a cash balance of €49.8 M. With nearly all milestone achievements and R&D deals in 2011 expected in the second half of the year, management confirms 2011 Group revenue guidance of €146 M, considering this to be achievable but conditional upon reaching certain R&D revenues.

Progress in the clinic

In April 2011 Galapagos terminated a Phase II Proof-of-Concept trial for candidate drug GLPG0259, due to limited efficacy in rheumatoid arthritis patients. Galapagos is currently conducting a complete analysis of the data package prior to making a decision on the next steps for GLPG0259, including the positioning of the compound in other indications.

The innovative trial design for GLPG0259 allowed management to make a quick decision and focus resources on Galapagos' 11 other programs in rheumatoid arthritis. This includes Galapagos' selective JAK1 inhibitor GLPG0634, which entered a Phase II Proof-of-Concept study in June and is anticipated to finish before the end of 2011.

So far this year, Galapagos announced the start of new Phase I studies for two of its other proprietary programs: GLPG0187 and GLPG0492. We initiated a Phase Ib study for GLPG0187 where the safety and tolerability of GLPG0187 in cancer patients as well as preliminary antitumor effects will be assessed. In July 2011 Galapagos announced the start of a Phase I Proof-of-Mechanism trial with GLPG0492, a novel treatment for cachexia, with the aim to complete the study by year-end.

Galapagos announced the start of the second Phase I Proof-of-Mechanism study in its immuno-inflammation alliance with GlaxoSmithKline in May 2011. This study will investigate GPLG0778's ability to suppress an induced inflammatory response in healthy volunteers as well as further assess the safety, tolerability and pharmacokinetics of this candidate drug. GSK has an exclusive option to in-license this compound. A third compound in development under the immuno-inflammation alliance is GLPG0974, which entered pre-clinical development at the end of 2010.

Moving discovery programs forward, termination of the Merck alliances

In addition to its programs in development, Galapagos is progressing around 50 discovery programs. This includes programs across its six alliances with pharma companies and proprietary programs in cystic fibrosis and other disease areas.

To date, Galapagos has announced approximately €180 M in payments from its pharma alliance partners, demonstrating Galapagos' ability to offset a substantial percentage of its own discovery and development costs.

In the beginning of the year, Galapagos and Merck announced an end to their alliances in metabolic, cardiovascular and inflammatory disease due to a strategic change within Merck. Galapagos regained worldwide rights to all the assets developed in these alliances, which can form the basis for potential future alliances. Galapagos received a payment of €12 M for work completed in 2010, for a total of €21 M in alliance payments from Merck since January 2009.

R&D division financial result

The R&D division recorded revenues of €19.3 M (including €3.6 M intersegment revenues), compared to €27.4 M in the same period last year (-39% on external revenue). This reflects the fact that several 2010 milestones were achieved in December, shifting the achievement of most R&D milestones in 2011 into late in the year. The R&D division reported an operating loss of €27.0 M, compared to €11.5 M the first six months of 2010. R&D expenses for the Group in the first half-year of 2011 were €42.4 M compared to €33.1 M in the same period of 2010. This planned increase can be explained by the acquisition of GlaxoSmithKline's research centre in Zagreb, Croatia in September 2010 and by increasing development costs for Galapagos' maturing pipeline. The increased R&D expenses also reflect expenditures incurred for a number of potential success-based payments which are anticipated in the second half of 2011.

Service operations performance

Through the acquisition of Argenta Discovery's service operations in February 2010, Galapagos grew its service operations substantially in 2010, and this growth continued in the first half of 2011. Total services revenues from continuing operations amounted to €30.0 M (including €6.0 M in intersegment revenues), compared to €25.9 M in the same period last year. This 10% organic growth, including a 15% growth in external revenues, confirms the strength of the service operations in the premium drug discovery services segment. BioFocus delivered a panel of validated oncology targets in its collaboration with Janssen Research & Development, signed target discovery agreements with Astellas Pharma and Ono Pharma and extended its collaboration with the Usher III Initiative, a non-profit organization focused on developing treatments for Usher syndrome type III, a rare genetic disorder that causes the loss of hearing and vision. Furthermore, BioFocus streamlined its offering by selling its compound management business to Evotec for a total of €12.5 M. Argenta extended its alliance with PRECOS to offer world-class oncology services, signed a two-year, integrated services agreement with Pulmagen Therapeutics in respiratory diseases, and signed an agreement with Dr Reddy's Laboratories for drug discovery services.

The operating profit for the continued service operations over the first six months of the year was €2.9 M. Gross margins of the continuing operations of the service segment were 33%, compared to 28% in the first half of last year.

Corporate developments

The AGM of 26 April 2011 appointed Mr Howard Rowe and Dr Vicki Sato as independent Directors of the Company. On 25 May 2011, Dr. Ronald Brus resigned due to stipulations from his new employer. The EGM of 23 May 2011 approved all proposals submitted to it, including the creation of a warrant plan with maximum 131,740 warrants to be offered to the Directors. Also on 23 May 2011 the Board of Directors created a warrant plan with maximum 802,500 warrants to be offered to employees and consultants of the Company and its subsidiaries. As a result of warrant exercises in March and June 2011 a total of 60,882 new shares were issued and Galapagos NV's share capital increased by €541,467.13 (including issuance premium), bringing the total number of shares outstanding per 30 June 2011 to 26,419,866.

Group result and cash position

A net increase of €9.4 M in cash and cash equivalents was recorded during the first half of 2011, compared to a decrease of €20.2 M in the same period last year. This increase is mainly due to the collection of €25 M in milestones which were achieved at the end of 2010. A portion of the net cash increase can be attributed to the disposal of Compound Focus for which Galapagos received €9.4 M in cash after deduction of costs associated to the sale. Galapagos' cash and cash equivalents amount to €49.8 M on 30 June 2011.

Company outlook for the second half and full year 2011

Galapagos has shown a consistent past performance of delivering the majority of revenues in the second half of the year. Management considers the full-year 2011 guidance figures achievable yet conditional upon reaching certain R&D revenues: Group revenues of €146 M, a positive operational result and cash flow and a positive net result.

The Company continues to advance toward achievement of its strategic objectives for 2011:

- Progress six programs in development and around 50 discovery programs:
    - patient or Phase II PoC data from GLPG0634, Phase I PoM data from GLPG0778, and Phase I PoM data from GLPG0492
    - deliver new pre-clinical candidates
- Sign a new R&D alliance
- Outlicense one non-partnered program
- Increase cash and profit contribution of service operations

Lastly, we thank you, our shareholders, for your support in the first half of the year. Galapagos' strategy is proving to be a viable way to build a large and promising pipeline while maintaining our cash reserves. Through your loyalty, Galapagos continues to grow its alliance portfolio, advance its proprietary clinical pipeline, and increase profitability and revenues of its service operations.

Onno van de Stolpe
Chief Executive Officer

Raj Parekh
Chairman

Related party transactions

In the first six months of 2011, no transactions with related parties were made which have material impact on the financial position and results of the Company. There were also no changes to related party transactions disclosed in the Annual Financial Report 2010 that potentially had material impact to the financials of the first six months of 2011.

Declaration of responsible persons

The Board of Directors of Galapagos NV, represented by all its members, declares that, as far as it is aware, the financial statements in this Interim Report, are made up according to the applicable standards for financial statements, and give a true and fair view of the equity, financial position and the results of the Company and its consolidated companies. The Board of Directors of Galapagos NV, represented by all its members, further declares that this letter to the shareholders gives a true and fair view on the information that has to be contained therein.

Risk factors

Management refers to its description of risk factors in the Company's Annual Financial Report 2010, pp.11-16, which remains valid for the first half of 2011. In summary, the principal risks and uncertainties faced by the Galapagos Group include: financial and liquidity risk, foreign exchange risk, reliance on alliance partners and key service division customers, competition, reliance on key personnel and intellectual property, and risks associated with drug discovery and (pre-)clinical development. Management also refers to Financial risk management given in the Company's Annual Financial Report 2010, pp. 74-77, which remains valid for the first half of 2011.

Because Galapagos' reporting currency is the euro, the operations and financial position of entities operating in other currencies needs to be translated into euros in the consolidation process. As there is an ongoing fluctuation between these foreign currencies and the euro, a negative impact might occur on the consolidated financial results.

Galápagos

UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note: The income statement and statement of comprehensive income are divided into two sections of operations (continuing and discontinued), which reflect the IFRS 5 disclosure requirements. In this report, discontinued operations include the compound management business of BioFocus (Compound Focus Inc., based in South San Francisco, CA, USA) until 31 May 2011 and the result of the sale.

Income statement

Thousands of €	Continuing operations Jun 2011	Continuing operations Jun 2010	Discontinued operations Jun 2011	Discontinued operations Jun 2010	Group total Jun 2011	Group total Jun 2010
Services revenue	23,991	19,509	2,418	4,456	26,409	23,965
R&D revenue	9,158	19,849			9,158	19,849
Other income	6,580	6,081			6,580	6,081
Total operating income	**39,728**	**45,439**	**2,418**	**4,456**	**42,147**	**49,895**
Services cost of sales	-17,961	-14,707	-1,832	-1,924	-19,793	-16,631
R&D expenditure	-42,383	-33,064			-42,383	-33,064
General and administrative costs	-10,968	-9,584	-602	-722	-11,571	-10,306
Sales and marketing expenses	-1,150	-1,226		-163	-1,150	-1,389
Restructuring and integration costs		-390				-390
Result on divestment	5,927		-3,043		2,885	
Operating profit/loss (-)	**-26,807**	**-13,532**	**-3,058**	**1,647**	**-29,865**	**-11,885**
Finance income	440	1,583	28	3	468	1,586
Finance cost	-1,669	-606	-4	-4	-1,673	-610
Profit/loss (-) before tax	**-28,035**	**-12,555**	**-3,034**	**1,646**	**-31,070**	**-10,909**
Taxes	293	392			293	392
Net profit/loss (-)	**-27,742**	**-12,163**	**-3,034**	**1,646**	**-30,777**	**-10,517**
Net profit/loss (-) attributable to:						
Owners of the parent	-27,742	-12,163	-3,034	1,646	-30,777	-10,517
Earnings/loss (-) per share	**-1.05**	**-0.51**	**-0.11**	**0.07**	**-1.17**	**-0.45**

Statement of comprehensive income

Thousands of €	Continuing operations Jun 2011	Continuing operations Jun 2010	Discontinued operations Jun 2011	Discontinued operations Jun 2010	Group total Jun 2011	Group total Jun 2010
Profit/loss (-) for the period	**-27,742**	**-12,163**	**-3,034**	**1,646**	**-30,777**	**-10,517**
Exchange difference arising on translating of foreign operations	231	366	-956	935	-725	1,301
Other comprehensive income/loss (-)	**231**	**366**	**-956**	**935**	**-725**	**1,301**
Total comprehensive income/loss (-) attributable to:						
Owners of the parent	-27,511	-11,797	-3,990	2,581	-31,502	-9,216

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Thousands of €	30 Jun 2011	31 Dec 2010
Non-current assets	**85,585**	**84,738**
Goodwill	38,880	42,380
Intangible assets	11,188	13,534
Property, plant and equipment	20,310	23,886
Deferred tax assets	1,167	3,658
Non-current tax receivables	12,879	
Available for sale financial assets and other non-current assets	1,161	1,280
Current assets	**67,403**	**109,223**
Inventories	1,061	1,437
Trade and other receivables	14,304	54,901
Current tax receivables		8,583
Cash and cash equivalents	49,845	40,397
Other current assets	2,193	3,905
Total assets	**152,989**	**193,961**

Equity and liabilities

Thousands of €	30 Jun 2011	31 Dec 2010
Total equity	**118,292**	**148,506**
Share capital	137,451	137,122
Share premium account	72,018	71,806
Translation differences	-1,068	-343
Accumulated losses	-90,109	-60,079
Total liabilities	**34,697**	**45,454**
Non-current liabilities	**6,879**	**7,232**
Pension liabilities	1,129	1,129
Provisions	865	842
Deferred tax liabilities	2,300	2,693
Finance lease liabilities	766	957
Other non-current liabilities	1,820	1,612
Current liabilities	**27,818**	**38,223**
Finance lease liabilities	396	378
Trade and other payables	16,107	22,012
Current tax payable	44	44
Other current liabilities	11,271	15,789
Total equity and liabilities	**152,989**	**193,961**

Galápagos

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

Note: The consolidated cash flow statement reflects group cash flows including discontinued operations. For the impact of discontinued operations on net change in cash and cash equivalents, we refer to the consolidated cash flow statement from discontinued operations.

Thousands of €	Jun 2011	Jun 2010
Cash and cash equivalents at beginning of year	**40,397**	**47,391**
Result from operations	-29,865	-11,885
Adjustments for:		
Depreciation of property, plant and equipment	4,216	3,618
Amortization of intangible fixed assets	2,353	1,751
Exchange gain/loss (-) on translation of net assets of subsidiary	-1,516	173
Share based compensation	746	1,117
Increase/Decrease (-) provisions	37	
Gain on disposal of business	-2,885	
Operating cash flows before movements in working capital	**-26,914**	**-5,226**
Increase(-)/Decrease in inventories	371	155
Increase(-)/Decrease in receivables	37,824	9,847
Increase/Decrease(-) in payables	-10,185	-8,748
Increase/Decrease(-) provisions	-1	15
Cash generated/used (-) in operations	**1,095**	**-3,957**
Interest paid and other financial costs	-251	-250
Taxes	-94	-23
Net cash flows generated/used (-) in operating activities	**750**	**-4,230**
Purchase of property, plant and equipment	-1,882	-1,480
Purchase of and expenditure in intangible fixed assets	-96	
Proceeds from disposal of property, plant and equipment		12
Acquisitions, disposals of subsidiaries, associates or joint ventures, net of cash acquired	9,442	-16,839
Net cash used in investing activities	**7,464**	**-18,307**
Repayment of obligations under finance leases and other debts	-171	-260
Proceeds from share issues	541	2,408
Interest received and other financial income	142	163
Net cash generated/used (-) in financing activties	**512**	**2,311**
Effect of exchange rate differences on cash and cash equivalents	**722**	
Net change in cash and cash equivalents	**9,448**	**-20,226**
Cash and cash equivalents at end of the period	**49,845**	**27,165**

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FROM DISCONTINUED OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE

Thousands of €	Jun 2011	Jun 2010
Net cash flows generated/used (-) in operating activities	-1,582	2,086
Net cash generated/used (-) in investing activities	9,291	-38
Net cash generated/used (-) in financing acitivies	2	-1
Net change in cash and cash equivalents	**7,711**	**2,047**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands of €	Share capital	Share premium	Translation differences	Accumulated losses	Total
Balance at 1 Jan 2010	**122,870**	**54,901**	**-2,026**	**-66,868**	**108,877**
Net result				4,370	4,370
Other comprehensive income			1,683		1,683
Share based compensation				2,418	2,418
Issue of share capital	12,310	15,746			28,056
Exercise warrants	1,941	1,159			3,100
Other	1			1	2
Balance at 31 Dec 2010	**137,122**	**71,806**	**-343**	**-60,079**	**148,506**
Net result				-30,777	-30,777
Other comprehensive income			-725		-725
Share based compensation				746	746
Issue of share capital					0
Exercise warrants	329	212			541
Other				1	1
Balance at 30 Jun 2011	**137,451**	**72,018**	**-1,068**	**-90,109**	**118,292**

UNAUDITED SEGMENT REPORTING FOR THE SIX MONTHS ENDED 30 JUNE

Note: The segment report of the first half of 2011 was impacted by a transfer pricing study, changing the distribution of the operating result between the two divisions. No transfer pricing effects were taken into account in the segment report of the first half of 2010.

2011

	Continuing operations			Discontinued operations	Unallocated	Group total
Thousands of €	R&D	Services	Intersegment eliminations			
External revenues	9,158	23,991		2,418		35,567
Other income	7,260	33	-713			6,580
Intersegment sales	2,856	5,973	-8,829			
Revenues	**19,273**	**29,997**	**-9,542**	**2,418**		**42,147**
Gross margin	**19,273**	**9,791**	**-7,296**	**587**		**22,354**
R&D expenditure	**-48,550**		**6,167**			**-42,383**
General and administrative costs	**-2,560**	**-6,845**	**1,149**	**-602**		**-8,858**
Unallocated G&A costs					-2,713	-2,713
Sales and marketing expenses	-168	-962	-20			-1,150
Result on divestment	5,034	894		-3,043		2,885
Operating results	**-26,970**	**2,878**		**-3,058**	**-2,713**	**-29,865**

2010

	Continuing operations			Discontinued operations	Unallocated	Group total
Thousands of €	R&D	Services	Intersegment eliminations			
External revenues	19,849	19,509		4,456		43,814
Other income	6,314	318	-551			6,081
Intersegment sales	1,189	6,030	-7,219			
Revenues	**27,352**	**25,857**	**-7,770**	**4,456**		**49,895**
Gross margin	**27,352**	**7,151**	**-3,772**	**2,533**		**33,264**
R&D expenditure	**-36,614**		**3,550**			**-33,064**
General and administrative costs	**-2,109**	**-5,670**	**230**	**-722**		**-8,271**
Unallocated G&A costs					-2,036	-2,036
Sales and marketing expenses	-125	-1,092	-8	-163		-1,388
Restructuring and integration		-390				-390
Operating results	**-11,496**	**-1**		**1,648**	**-2,036**	**-11,885**

DISPOSAL OF FULLY CONSOLIDATED COMPANIES

Condensed balance sheet Compound Focus on date of disposal

Thousands of €	1 Jun 2011
Transfer of fully consolidated company	
Fixed assets	993
Current assets	3,403
Total assets	**4,396**
Equity	3,469
Current liabilities	927
Total equity and liabilities	**4,396**
Total assets	4,396
Total liabilities	927
Translation differences	**355**
Net assets	3,114
Goodwill at acquisition	3,500
Costs associated to sale	750
Sell price	**10,249**
Gain/loss on sale	**2,885**
Net cash from divestment	**9,442**

EXPLANATORY NOTES FOR GALAPAGOS' UNAUDITED SIX MONTHS RESULTS ENDED 30 JUNE 2011

Accounting policies

The accounting policies and methods of computation in the interim financial statements are identical to those used in the most recent annual financial statements, with exception of the new standards described below.

New standards

The accounting policies applied by the Group in these condensed consolidated interim financial statement are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

The following (amended) standards and interpretations are applicable as of 1 January 2011, none of them have an impact on the financial statements of the Group.

- Amendment of IAS 32 – Classification of rights issues
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Amendment of IFRS 3 and IAS 27 due to the annual improvements project

The following (amended) standards and interpretations were issued but are not yet applicable. The Group does not expect any impact from these (amended) standards and interpretations.

- Revision of IAS 24 – Related party disclosures
- Amendment IFRIC 14 – Prepayment of a minimum funding requirement
- Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27 IAS 34 and IFRIC 13 due to the annual improvements project

The following (amended) standards and interpretations were published by the IASB but not yet endorsed by the EU:

- Amendment IFRS 7 – Transfer of financial assets
- Amendment IFRS 1 – Severe hyperinflation and removal of fixed dates for first-time adopters
- Amendment IAS 12 – Deferred tax- Recovery of underlying assets
- Amendment of IAS 1 – Items of other comprehensive income
- IFRS 9 – Financial instruments
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosures of involvement with other entities
- IFRS 13 – Fair value measurement
- IAS 27 – Separate financial statements
- IAS 28 – Investments in associates and joint ventures
- IAS 19 – Employee benefits

Operating segments

For management purposes, the Group is divided into two operating divisions: R&D and Service operations. These divisions are the basis on which the Group reports its primary segment information:

R&D operations

Galapagos' R&D operations are specialized in the discovery and development of small molecule therapies with novel modes-of-action. Galapagos funds these programs through alliance payments from its pharma partners, cash generated by its profitable service operations, and its cash reserves. Many of these programs are based on proprietary disease-modifying drug targets in disease areas for which there is a need for safe and effective medicines.

Service operations

Galapagos' service operations offer target-to-drug discovery products and services to pharmaceutical and biotech companies and to patient foundations, encompassing target discovery and validation, screening and drug discovery through to delivery of pre-clinical candidates. The service division has two operating units: BioFocus, which Galapagos has operated since 2005, and Argenta, which Galapagos acquired in February 2010. Galapagos operates these units in parallel, with both providing additional capacity and drug discovery capabilities to the Galapagos Group.

BioFocus' compound management business, Compound Focus Inc., was sold to Evotec AG on 1 June 2011.

The operational results of these segments are evaluated monthly at the Executive Committee meetings for resource allocation and performance measurement. Intersegment sales are charged at prevailing market rates.

DETAILS OF THE UNAUDITED HALF-YEAR 2011 RESULTS

Note: The income statement and statement of comprehensive income are divided into two sections of operations (continuing and discontinued), which reflect the IFRS 5 disclosure requirements. In this report, discontinued operations include the compound management business of BioFocus (Compound Focus Inc., based in South San Francisco, CA, USA) until 31 May 2011 and the result of the sale.

Revenues

Galapagos' revenues from continuing operations for the first half of 2011 amount to €39.7 M compared to €45.4 M in the same period of 2010. The R&D division reported revenues of €19.3 M (including €3.6 M intersegment revenues), compared to €27.4 M in the same period last year (-39% on external revenue). This reflects the fact that several 2010 milestones were achieved in December, shifting the achievement of most R&D milestones into late 2011. Allowing for only 5 months revenues from Argenta in 2010, services revenues showed 10% organic growth with 15% external revenues growth for the period. Services revenues from continuing operations amount to €30.0 M (including €6.0 M in intersegment revenues) in the first half of 2011, compared to €25.9 M (including €6.0 M in intersegment revenues) for continuing operations in the same period last year.

Results

The group net loss from continuing operations for the first half-year of 2011 was €27.7 M, compared to the loss of €12.2 M for the first six months of 2010. The operating profit for the continued service operations over the first six months of the year was €2.9 M. Gross margins of the continuing operations of the service segment were 33%, compared to 28% in the first half of last year.

The R&D division reported an operating loss of €27.0 M, compared to €11.5 M the first six months of 2010. R&D expenses for the Group in the first half-year of 2011 were €42.4 M compared to €33.1 M in the same period of 2010. This planned increase can be explained by the acquisition of GlaxoSmithKline's research centre in Zagreb, Croatia in September 2010 and by increasing development costs for Galapagos' maturing pipeline. The increased R&D expenses also reflect expenditures incurred for a number of potential success-based payments which are anticipated in the second half of 2011.

General and administrative (G&A) expenses of the Group's continuing operations were €11.0 M in the first half of 2011, compared to €9.6 M in the first six months of 2010. This increase in G&A expenses (from 21% to 28% of revenues) is due to increased costs for intellectual property, G&A for the acquired operations Argenta and Zagreb, and the reclassification of a number of R&D employees into G&A costs.

Cash flow and cash position

A net increase of €9.4 M in cash and cash equivalents was recorded during the first half of 2011, compared to a decrease of €20.2 M in the same period last year. This increase is mainly due to the collection of €25 M in milestones which were achieved at the end of 2010. A portion of the net cash increase can be attributed to the disposal of Compound Focus for which Galapagos received €9.4 M in cash after deduction of costs associated to the sale. Galapagos' cash and cash equivalents amount to €49.8 M on 30 June 2011.

Disposal of subsidiary

On 1 June 2011 Galapagos sold its facility in South San Francisco (Compound Focus Inc.), the compound management business of BioFocus, to a subsidiary of Evotec AG. This facility has been part of BioFocus, the service division of the Galapagos Group, since the acquisition of the Discovery Partners International assets by Galapagos in July 2006. For the sale of all shares in Compound Focus, Galapagos received a cash upfront of €10.25 M with an additional €2.25 M in potential earn out payments. These earn out payments are considered to be contingent assets and have consequently not yet been recognized in accordance with IAS 37. The realized gain on the sale of Compound Focus amounts to €2.9 M.

Corporate information

Registered office

Galapagos NV has its registered office at Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium.

Business number

Galapagos NV is registered with the Register of Legal Entities ("Rechtspersonenregister") under company number 0466.460.429. Galapagos is registered in Mechelen, Belgium.

Legal form

Galapagos NV is a limited liability company ("Naamloze Vennootschap") incorporated under Belgian law. It has the capacity of a company that has called upon and calls upon public savings. Galapagos NV is incorporated for an unlimited duration.

Listings

Euronext Brussels	GLPG
Euronext Amsterdam	GLPG
OTC Pink Sheets	GLPYY

Financial calendar 2011

3Q11 interim update	11 November 2011
Full year results 2011	2 March 2012
Annual shareholders' meeting	24 April 2012

Financial year

The financial year starts on 1 January and ends on 31 December.

Statutory auditor

Deloitte Bedrijfsrevisoren, represented by Mr Gert Vanhees
Berkenlaan 8b
1931 Diegem, Belgium

Availability of the Interim Report

This document is available to the public free of charge and upon request:
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For informational purposes, an electronic version of the Interim Report 2011 is available on the website of Galapagos, www.glpg.com/investor/financial_reports.htm.

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