

Incyte Europe Holdings Limited

Report and Financial Statements

31 December 2005



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Incyte Europe Holdings Limited

Registered No: 3170808

Directors

P A Friedman
D C Hastings
P A Schreck

Secretary

TJG Secretaries Limited

Auditors

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

Bankers

Barclays Bank plc
Bene't Street
Cambridge
CB2 3PZ

Registered office

Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

Directors' report

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The company did not trade throughout the current or preceding years. The directors do not intend trading in the foreseeable future.

Directors

The directors who served the company during the year were as follows:

P A Friedman
D C Hastings
P A Schreck

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



D C Hastings
Director

10/23

2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the member of Incyte Europe Holdings Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member 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 are responsible for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

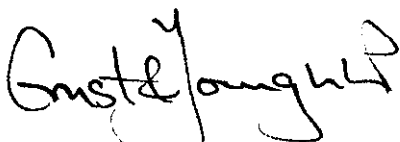
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 member of Incyte Europe 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 affairs of the company as at 31 December 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Cambridge

26 October 2006

Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover		—	—
Exceptional charge:			
Write off of investment in subsidiaries	3	—	250,000
Operating loss		—	250,000
Loss for the financial year before and after taxation		—	250,000

Statement of total recognised gains and losses

There are no recognised gains or losses attributable to the shareholders for the year ended 31 December 2005 (2004 - £250,000).

Balance sheet

at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Investments	3	—	—
Current assets			
Cash at bank		1	1
Total assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	4	1,386,077	1,386,077
Share premium account	5	5,566,508	5,566,508
Profit and loss account	5	(6,952,584)	(6,952,584)
Equity shareholders' funds	5	<u>1</u>	<u>1</u>



D C Hastings
Director

10/23

2006

Notes to the financial statements

at 31 December 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Fixed assets

All fixed assets are initially recorded at cost.

2. Profit and loss account

The company did not trade during the year.

3. Investments

The company owns 100% of the issued share capital of the companies listed below,

Incyte Corporation Limited

Incyte Dormant Company Limited

Incyte Corporation Limited's principal activity was to undertake sales and marketing activities in the UK and Europe on behalf of its ultimate parent company. It made a loss of £25,798 for the year to 31 December 2005 and had net assets of £88,108 at that date. Effective from 2 April 2004 the company has been non-trading.

Incyte Dormant Company Limited has been dormant throughout the year. It has net assets of £nil at 31 December 2005.

4. Share capital

		2005		Authorised 2004	
		£		£	
Ordinary shares of £0.05 each		<u>1,584,767</u>		<u>1,584,767</u>	
Allotted, called up and fully paid					
		2005		2004	
	No.	£		No.	£
Ordinary shares of £0.05 each	27,721,541	1,386,077	27,721,541	1,386,077	

Notes to the financial statements

at 31 December 2005

5. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 January 2004	1,386,077	5,566,508	(6,952,584)	1
At 31 December 2004	1,386,077	5,566,508	(6,952,584)	1
At 31 December 2005	1,386,077	5,566,508	(6,952,584)	1

6. Ultimate parent company

In the directors' opinion the ultimate parent undertaking and controlling party is Incyte Corporation, Inc., which is incorporated in the United States of America. Copies of the accounts of Incyte Corporation, which include the company may be obtained from:

The Investor Relations Department
Incyte Corporation
Experimental Station
Route 141 and Henry Clay Road, Building E336
Wilmington, DE 19880
USA

Transactions with group companies have not been disclosed as permitted by FRS 8.