ABLYNX HALF YEAR REPORT

1. Report of the Board of Directors

Significant progress has been made during the first half of 2008 both in our internal and our partnered therapeutic programmes. The Company had €115.3 million in cash at 30 June 2008 and achieved a 36% increase in revenues to €6.2 million for the six month period compared with €4.5 million for the same period in 2007. Ablynx was awarded a €0.7 million grant in April by the Flemish government to explore "Novel uses of Nanobodies®". Ablynx also obtained a milestone payment from our partner Novartis in February. In May, the Company initiated a double-blind, randomized, placebo-controlled multiple dose Phase Ib study for its novel anti-thrombotic that selectively targets von Willebrand (vWF) factor. The study is being conducted in patients with stable angina undergoing percutaneous coronary intervention (PCI). The Company is pleased with the progress so far. Ablynx is focused on driving this lead programme forward and it is on track to file its second IND equivalent on the subcutaneously delivered form of ALX-0081 (ALX-0681) before the end of this year. In addition, Ablynx continues to strengthen its pipeline and it will start 6-8 new therapeutic programmes in 2008 - 5 have already been initiated during the first half of this year. Ablynx's strategy is to continue to dedicate a balanced amount of its resources to key strategic collaborators, whilst at the same time investing substantially in its own pipeline. The Company has therefore decided to reduce its research collaboration with Procter & Gamble Pharmaceuticals which it entered into in 2004 and as a result agreed with Procter & Gamble Pharmaceuticals to stop one of the two research programmes it has worked on with them. The Company has successfully grown its internal resources and hired another 25 people in the period resulting in a total of 173 staff at 30 June. Furthermore, Ablynx has taken important steps to secure appropriate facilities for the continued growth of the Company.

Analysis of results of operations

The tables hereafter include the balance sheet, the cash flow statements and information relating to the Company's results for the six month periods ended on June 30, 2007 and 2008.

Revenue increased 36% from €4.5 million to €6.2 million. This increase was attributable to an approximately €1.6 million increase in research and development revenues, resulting mainly from the collaborative agreements with Novartis, Wyeth Pharmaceuticals, Boehringer Ingelheim and P&G Pharmaceuticals.

Research and development expenses increased by 52% to €12.9 million (2007: €8.5 million). This increase was primarily attributable to a €1.7 million increase in personnel costs as research and development staff increased to 143 as at the end of June 2008. It also reflects an increase in expenses related to laboratory costs, rent, depreciation and external development costs.

General and administrative expenses increased €0.8 million to €3.4 million (2007: €2.6 million). This increase primarily resulted from a €0.7 million increase in administrative consulting and general costs.

Finance income primarily comprises interest from term deposits. Finance income increased to €2.7 million (2007: €0.4 million). The increase was principally due to increased income from deposits following the IPO which raised €85 million at the end of 2007.

As a result of the foregoing, the Company's loss increased to €7.5 million (2007: €6.2 million).

The Company's non-current assets include intangible assets (a portfolio of patents and technical licences) and tangible assets (the Company's laboratory and office equipment). The increase in non-current assets essentially relates to the purchase of equipment.

The Company's current assets essentially consist of trade receivables and cash and cash equivalents. The increase in 2008 primarily relates to increases in cash and cash equivalents from the proceeds of the IPO in November 2007.

The Company's current liabilities primarily relate to deferred income from collaborations and trade payables. The decrease is related to a decrease in deferred income and lower outstanding trade payables.

The Company's non-current liabilities relate to a leasing contract and a borrowing contract.

Cash flow from operating activities resulted in a net outflow of €9.7 million in the first half of 2008 (2007: net outflow of €6.5 million) essentially caused by a higher loss in the period (€1.3 million) and a decrease in trade payables and deferred income

Cash flow from investing activities resulted in a net outflow of approximately €1.6 million in 2008 (2007: €0.7 million). This increase was primarily due to an increase in purchases of laboratory and office equipment.

Cash flow from financing activities resulted in a net inflow of €0.2 million in the first half of 2008 (2007: €20.0 million). The inflow of €0.3 million was due to the exercise of warrants and the outflow of €0.1 million from repayments of borrowings. The inflow in 2007 was related to the call down of the remaining €20 million to be paid in respect of the Company’s capital increase in August 2006.

<u>Risks and prospects for the remaining six months</u>

The Company aims to complete its multi-dose Phase Ib patient study of ALX-0081 during the fourth quarter. It also expects to initiate the preparations for Phase II development by engaging with regulatory authorities before the end of the year. As part of Ablynx's strategy to exploit the advantages of Nanobodies® and to access additional potential markets, it has also started the development of ALX-0681, a subcutaneous delivery form of ALX-0081, and is on track to file an IND equivalent for ALX-0681 by the end of 2008.

70% of Ablynx’s R&D resources are dedicated to the development of its own internal pipeline. During the second half of 2008, Ablynx will advance other Nanobodies® into pre-clinical studies. The Company will also achieve its target of starting 6-8 new internal discovery programmes before the end of the year. In addition, it will continue to develop its own technology platform and exploit the key Nanobody® advantages in areas such as alternative routes of administration and generating Nanobodies® against target classes which are typically difficult for monoclonal antibodies.

Ablynx will also be advancing Nanobodies® into pre-clinical studies as part of its collaborative partnerships. The Company anticipates receiving further milestone payments from these existing collaborations this year. It also expects to enter into a risk/reward sharing collaboration to co-develop Nanobodies® where, for the first time, it will have the opportunity to share in the profits of products which reach market.

Important transactions with related parties

There were no important transactions with related parties.

Events after the balance sheet date

On 21 August 2008, the Company announced that the Alzheimer’s disease collaboration with Boehringer Ingelheim was proceeding well and therefore the research funding had been extended for another year.

2. Condensed Financial Statements – June 30, 2008

2.1 CONDENSED CONSOLIDATED BALANCE SHEET (IN THOUSANDS OF EUROS)

	As at June 30, 2008	As at December 31, 2007
Non-current assets	4,212	3,505
Intangible assets	841	751
Property, plant & equipment	3,371	2,754
Current assets	119,993	130,831
Trade receivables	2,079	2,082
Other current assets	2,034	1,037
Accrued income and deferred charges	544	1,223
Cash and cash equivalents	115,336	126,489
Total assets	**124,205**	**134,336**
Equity	101,247	108,175
Share capital	62,423	61,970
Share premium account	88,851	88,851
Share-based payments	1,670	1,551
Retained earnings	(51,697)	(44,197)
Non-current liabilities	30	61
Borrowings	30	61
Current liabilities	22,928	26,100
Borrowings	58	112
Trade payables	3,803	5,223
Other current liabilities	1,638	1,689
Deferred income	17,429	19,076
Total liabilities	23,077	26,161
Total equity and liabilities	**124,205**	**134,336**

2.2 CONDENSED CONSOLIDATED INCOME STATEMENT (IN THOUSANDS OF EUROS)

	Period ended June 30,	
	2008	**2007**
Revenue:		
Research and development	5,828	4,181
Grants	352	349
Total revenue	**6,180**	**4,530**
Research & development expense	(12,947)	(8,491)
General & administrative expense	(3,439)	(2,611)
Total operating expenses	**(16,386)**	**(11,102)**
Other operating income/(expense)	0	4
Operating result	(10,206)	(6,568)
Finance income (net)	2,706	409
Loss before taxes	(7,500)	(6,159)
Income tax expense	0	0
Loss for the period	(7,500)	(6,159)
Basic and diluted loss per share	(0.21)	(0.26)

2.3 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (IN THOUSANDS OF EUROS)

	Share capital	share premium	Share-based payments	Retained loss	Total Equity
Balance at December 31, 2006	**24,416**	**26,530**	**780**	**(31,675)**	**20051**
Unpaid capital paid up	20,004				
Exercise of warrants	134		(29)		
Share-based payments			406		
Share premium		5			
Loss of the period				(6,159)	
Balance at June 30, 2007	**44,554**	**26,535**	**1,157**	**(37,834)**	**34,412**
Capital increase	22,880	62,316			
Issuance costs	(5,463)				
Exercise of warrants			7		
Share-based payments			387		
Loss of the period				(6,363)	
Balance at December 31, 2007	**61,970**	**88,851**	**1,551**	**(44,197)**	**108,175**
Issuance costs	(14)				
Exercise of warrants	465		(135)		
Share-based payments			255		
Loss of the period				(7,501)	
Balance at June 30, 2008	**62,421**	**88,851**	**1,671**	**(51,698)**	**101,245**

2.4 CONDENSED CONSOLIDATED CASH FLOW STATEMENT (IN THOUSANDS OF EUROS)

	Period ended June 30,	
	2008	**2007**
Cash flows from operating activities		
Loss before income tax	(7,500)	(6,159)
Adjustments for:		
Amortization	59	79
Depreciation	876	375
(Profit)/loss on disposal of property, plant and equipment	0	0
Share-based payment expense	255	406
Finance income-net	(2,702)	(412)
Net movement in trade and other receivables	(315)	(140)
Net movement in trade and other payables	(3,115)	(1,077)
Cash used in operations	**(12,442)**	**(6,928)**
Interest paid	(3)	(3)
Interest received	2,704	415
Income tax paid	0	0
Net cash used in operating activities	**(9,741)**	**(6,516)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,470)	(726)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assests	(174)	0
Net cash used in investing activities	**(1,644)**	**(726)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares		20,009
Proceeds from exercise of warrants	315	105
Proceeds from borrowings		10
Repayments of borrowings	(84)	(82)

Net cash generated from financing activities	**231**	**20,042**
Net (decrease)/increase in cash and cash equivalents	**(11,154)**	**12,800**
Cash and cash equivalents at beginning of the period	126,489	25,799
Cash and cash equivalents at end of the period	**115,335**	**38,599**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended June 30, 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information required for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2007. The financial statements are presented in thousands of Euros (unless stated otherwise). The condensed interim financial statements were approved for issue by the Board of Directors on 27 August 2008.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those applied in the preparation of the financial statement for the year ended 31 December 2007. New standards or interpretations applicable from January 1, 2008 do not have any impact on the condensed interim financial statements.

The Ablynx group of companies has its parent company, headquarters, main facility and laboratory in Belgium. The branch in Portugal has been converted into a 100% owned subsidiary. The registration of the SA Ablynx was completed by the Register Office on 15 February 2008. All activities of the branch have been transferred to the subsidiary and have no significant impact on the condensed financial statements.

1.2. SHARE-BASED PAYMENTS

Warrants	2002	2003	2004	2005	2006	2006	2007	2007
Number of warrants granted	696,311	426,000	477,000	509,500	1,750,000	135,000	425,000	10,713
Number of warrants not vested at 30/06/2008	0	0	37,742	186,376	888,512	81,251	295,278	10,713
Exercise price (in Euros)*	0.50	0.70	0.90	0.90	1.00	1.40	1.40	7.00
Expected dividend yield	0	0	0	0	0	0	0	0
Expected stock price volatility	60%	60%	60%	60%	60%	60%	60%	60%
Risk-free interest rate	4.95%	3.50%	3.33%	3.20%	3.95%	3.95%	4.63%	4.22%
Expected duration	7.00	7.00	7.00	7.00	7.00	7.00	7.00	4.78
Fair value (in Euros)	0.32	0.44	0.56	0.56	0.63	0.88	0.90	3.78

Warrants	2002	2003	2004	2005	2006	2006	2007	2007	Total number	Average Exercise price (in Euros)
Outstanding at December 31, 2007	696,311	218,500	462,000	499,187	1,750,000	130,000	425,000	10,713	4,191,711	0.95
Forfeited				2,188	44,063		20,053		66,304	1.12
Exercised	122,000	177,500	160,062						459,562	0.72
At June 30, 2008										
Outstanding	574,311	41,000	301,938	496,999	1,705,937	130,000	404,947	10,713	3,665,845	0.97
Non-vested			37,742	186,376	888,512	81,251	295,278	10,713	1,499,872	1.13
Exercisable	574,311	41,000	264,196						879,507	0.63

1.3. RESEARCH AND DEVELOPMENT EXPENSES (IN THOUSANDS OF EUROS)

	Period ended June 30	
	2008	**2007**
Consumables	2,252	1,200
Outsourcing	3,680	2,830
Patent costs	549	423
Personnel costs	4,265	2,540
Share based payments	32	62
Other operating expenses	1,289	997
Subtotal	**12,067**	**8,052**
Depreciation and amortization	881	439
Total research and development expenses	**12,948**	**8,491**

1.4. GENERAL AND ADMINISTRATIVE EXPENSES (IN THOUSANDS OF EUROS)

	Period ended June 30	
	2008	**2007**
Personnel costs	941	1,052
Share-based payments	223	344
Executive Committee compensation	818	296
Consultancy	755	0
Other operating expenses	647	904
Subtotal	**3,384**	**2,596**
Depreciation and amortization	55	15
Total general and administrative expenses	**3,439**	**2,611**

1.5. RELATED-PARTY TRANSACTIONS

1.5.1. Remuneration of key management personnel (in thousands of Euros)

Key management consists of the members of the Executive Committee and the entities controlled by any of them.

	As at June 30	
	2008	**2007**
Number of management members	5	4

	As at June 30	
	2008	**2007**
Short term employee benefits (salaries, social security bonuses, lunch vouchers)	497	387
Post employee benefits (group insurance)	15	32
Share-based compensation	204	315
Other employee costs	51	17
Management fees	255	280
Total	**1,022**	**1,031**

	As at June 30	
	2008	**2007**
Cumulative outstanding warrants (in units)	2,425,000	2,125,000
Outstanding payables	36	49
shares owned (in units)	65,659	50,000

1.5.2. Transactions with non-executive directors (in thousands of Euros)

	As at June 30	
	2008	**2007**
Share-based compensation	21	2
Other employment costs	0	3
Management fees	35	0
Total benefits	56	5

	As at June 30	
	2008	**2007**
Cumulative outstanding warrants (in units)	25,713	60,000
Non-vested warrants	10,713	0
Warrants excercised	45,000	0
Weighted average exercise price	0.90	0

1.6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

At each reporting date, the Company makes assumptions and estimates with respect to the impact of past events on the future, resulting in a number of accounting estimates, which at present have a very limited impact.

The Company has not identified at the reporting date any sources of estimation uncertainty, which involve a significant risk of material adjustments to the financial statements in the following year.

1.7. CONTINGENCIES

On 5 February 2008, Ablynx was informed that Domantis Limited had filed a Request for Arbitration claiming a dispute exists with Ablynx in relation to the interpretation of certain provisions of a Settlement Agreement which Ablynx and Domantis entered into on 3 June 2005. In its arbitration claim, Domantis asserts that certain of Ablynx's activities are not permitted by the terms of the Settlement Agreement. Domantis claims that it will seek, amongst other things, damages and an order to prevent Ablynx from engaging in these activities in the future.

Ablynx denies these claims in their entirety and will respond to the filing by seeking an affirmative declaration that Ablynx is fully entitled to pursue its current activities and that it has not defaulted on any material obligation under the Settlement Agreement. Ablynx will also assert various counterclaims against Domantis in connection with its conduct and will pursue all other remedies available to it under the law.

3. Responsibility statement

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-month period ended June 30, 2008 which has been prepared in accordance with IAS 34 ”Interim Financial Reporting” as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

On behalf of the Board of Directors

Edwin Moses Chairman & CEO	Wim Ottevaere, on behalf of NV Woconsult CFO

4. Auditor's report

STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2008

We have reviewed the condensed consolidated balance sheet of Ablynx NV and its subsidiary, as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the 6 month period then ended, as well as the explanatory notes, and set forth on pages 4 to 14. The board of directors is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

We conducted our review in accordance with the recommendation of the Belgian Institute of Company Auditors related to the performance of reviews. Accordingly, it involved principally analysis, comparison and discussion of the condensed consolidated financial information and, accordingly, was less extensive in scope than an audit of that information.

Our review did not reveal any matters requiring correction of the condensed consolidated financial information for it to have been prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Brussels, 27 August 2008

PricewaterhouseCoopers Bedrijfsrevisoren bcvba

represented by

Raf Vander Stichele

Bedrijfsrevisor