ABLYNX HALF YEAR REPORT 2011

1. REPORT OF THE BOARD OF DIRECTORS

The Company had €92.6 million in cash, cash equivalents, restricted cash and short term investments at 30 June 2011 and revenues reached €12.8 million.

During the past six months, Ablynx continued to make progress in developing its product pipeline with both its proprietary and collaborative programmes. The first clinical-proof-of concept with a Nanobody in a patient population was achieved in May with the lead anti-TNF-alpha Nanobody ATN-103, which is exclusively licensed to Pfizer.

As planned, two new Nanobody programmes entered the clinic: a Phase I/II study in patients with rheumatoid arthritis was started with ALX-0061, an anti-IL-6R Nanobody; and a Phase I study was initiated with ALX-0651, an anti-CXCR4 Nanobody, which is the first Nanobody targeting a GPCR that entered the clinic.

The Phase II study recruitment for the anti-vWF Nanobody, ALX-0081, in high risk ACS patients undergoing a PCI procedure, was successful completed.

Positive Phase I data were reported at the nine month and twelve month follow-up period for ALX-0141, an anti-RANKL Nanobody which could potentially be important in diseases characterised by unwanted bone loss.

Finally, Ablynx received a €5 million milestone payment from Boehringer Ingelheim arising from the parties' collaboration in Alzheimer's disease. The milestone was triggered as Boehringer Ingelheim initiated development with the lead Nanobody candidate that was selected in May 2010.

At 30 June 2011, Ablynx had over 25 programmes in its R&D pipeline, including partnered programmes, and there were seven Nanobodies in clinical development.

ANALYSIS OF RESULTS OF OPERATIONS

Revenues increased by 27% to €12.8 million during the first six months of 2011 (2010: €10.1 million) primarily driven by milestones and FTE funding from existing collaborations and recognised income from new collaborations.

During the first half of 2011, research and development expenses increased by €7.5 million to €28.9 million (2010: €21.4 million). This increase was mainly attributable to increased personnel costs and a €5.6 million increase in external development costs largely related to clinical trials.

General and administrative expenses were € 4.9 million for the period ending June 30th 2011 (2010: €4.6 million).

As a result of the foregoing, the loss from continuing operations, before tax and net finance income, increased to €21.0 million during the first half of 2011 (2010: €15.8 million).

Net finance income primarily comprises interest from deposits and this increased by €0.2 million to €0.8 million in the first six months of 2011 (2010: €0.5 million) as a result of the higher cash position from the Secondary Public Offering in March 2010.

As a result of the foregoing, the net loss before taxes increased to €20.2 million during the first six months ending June 30th 2011 (2010: €15.3 million).

As the Company incurred losses in the relevant period, the Company had no taxable income.

BALANCE SHEET ANALYSIS

The Company's intangible assets include a portfolio of acquired patents which are being amortised over approximately 12 years, and technology licenses that are being amortised over 5 and 18 years. The Company has not capitalised any other patents and it expenses all its research and development activities. The intangible assets also include software licenses.

The Company's non-current tangible assets include the Company's laboratory and office equipment, the investments in its facilities and €3 million restricted cash, which is related to a cash pledge that the Company has provided. The Company does not own any real estate and continues to invest in equipment for its research activities.

The Company's current assets consist mainly of trade receivables, other short term investments, and cash and cash equivalents. The €21.6 million decrease during the first six months of 2011 is primarily related to the decrease in cash and cash equivalents used to fund the Company's operations.

The Company's equity decreased from €100.8 million to €81.5 million mainly as a result of the incorporation of the loss for the period (€20.2 million).

The Company's non-current liabilities relate to the financing of additional investments in the building.

The Company's current liabilities primarily relate to deferred income from collaborative agreements and trade payables.

CASH FLOW ANALYSIS

Cash flow from operating activities represented a net outflow of €21.7 million during the first six months ending June 30th 2011, as compared to a net outflow of €16.6 million during the first six months ending June 30th 2010.

Cash flow from investing activities represented a net inflow of €0.4 million as compared to a net outflow of €18.6 million in 2010. The variance relates to the net movements in short term investments and "available for sale" financial assets.

Cash flow from financing activities represented a net outflow of €0.007 million as compared to a net inflow of €47.3 million during the first six months of 2010. The net inflow in 2010 was mainly a result of the net proceeds of the Secondary Public Offering in March 2010.

RISKS AND PROSPECTS FOR THE REMAINING SIX MONTHS

Ablynx's lead internal programme, ALX-0081, the anti-vWF Nanobody that is in Phase II clinical development in high risk ACS patients undergoing a PCI, is on track to generate data before the end of the year.

Final Phase I data, including immunogenicity data, for ALX-0141, the anti-RANKL Nanobody is expected during the third quarter. The start of a Phase II study in bone metastasis is in preparation.

The single ascending dose part of the Phase I/II study in RA patients with ALX-0061, the anti-IL-6R Nanobody, successfully finished recruitment with interim data expected during the third quarter and the start of the multiple ascending dose part anticipated before year end.

Ablynx is on track to start a Phase I study with ALX-0171, the first Nanobody to be administered by inhalation.

During the remainder of the year, Pfizer is expected to make a decision with regard to whether and how to proceed with its lead anti-TNF-alpha Nanobody, ATN-103, in RA.

For the full year, we maintain our guidance of net cash burn in the range of €25-35 million. Due to a change in anticipated mix of milestones, up-front payments etc., we now believe that recognised revenues for 2011 will be in the range of €20-25 million.

IMPORTANT TRANSACTIONS WITH RELATED PARTIES

There were no important transactions with related parties.

2. RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2011, 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

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2011

3.1 CONDENSED CONSOLIDATED BALANCE SHEET

(€'000)	As at 30 June 2011	As at 31 December 2010
Non-current assets	**9,192**	**9,108**
Intangible fixed assets	1,277	1,416
Property, plant & equipment	4,915	4,692
Restricted Cash	3,000	3,000
Current assets	**100,638**	**122,281**
Trade receivables	6,324	5,277
Other current assets	3,341	3,034
Accrued income and deferred charges	1,415	1,128
Available-for-sale financial assets	0	0
Other short-term investments	83,500	85,500
Cash and cash equivalents	6,058	27,342
Total assets	**109,830**	**131,389**
Equity attributable to equity holders	**81,494**	**100,790**
Share capital	73,290	73,076
Share premium account	126,454	126,421
Share-based payments	5,812	5,177
Fair value reserves	0	0
Retained earnings	(124,062)	(103,884)
Non-current liabilities	**971**	**1,134**
Borrowings	971	1,134
Current liabilities	**27,365**	**29,465**
Borrowings	324	322
Trade payables	9,138	7,582
Other current liabilities	3,136	2,813
Deferred income	14,767	18,748
Total liabilities	**28,336**	**30,599**
Total equity and liabilities	**109,830**	**131,389**

3.2 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ '000)	Period ended 30 June 2011	2010
Revenue:		
Research and development	11,995	8,769
Grants	849	1,324
Total revenue	**12,844**	**10,093**
Research & development expense	(28,878)	(21,355)
General & administrative expense	(4,932)	(4,562)
Total operating expenses	**(33,810)**	**(25,917)**
Other operating income/(expense)	7	0
Operating result	**(20,959)**	**(15,824)**
Finance income (net)	**781**	**541**
Finance income	822	659
Finance cost	(41)	(118)
Loss before taxes	**(20,178)**	**(15,283)**
Income tax expense	0	0
Loss for the period	**(20,178)**	**(15,283)**
Other comprehensive loss :		
Fair value gains/losses on available-for-sale financial assets, net of tax	0	(12)
Total comprehensive income for the period	**(20,178)**	**(15,295)**
Loss attributable to equity holders	(20,178)	(15,283)
Total comprehensive loss attributable to equity holders	(20,178)	(15,295)
Basic and diluted loss per share	(0.46)	(0.37)

3.3 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

(€'000)	Share capital	Share premium	Share based payments	Retained loss	Fair Value Reserve	Total Equity
Balance at 30 June 2010	**73,009**	**126,409**	**4,697**	**(94,697)**	**0**	**109,418**
Loss of the period				(9,188)		
Other comprehensive income						
Available-for-sale financial assets						
Total Comprehensive Income				(9,188)		
Warrant plans						
Share Based Payments			510			
Transactions with owners						
Capital increase						
Issuance costs						
Exercise of warrants	67	12	(30)			
Balance at 31 December 2010	**73,076**	**126,421**	**5,177**	**(103,885)**	**0**	**100,789**
Loss of the period				(20,178)		
Other comprehensive income						
Available-for-sale financial assets						
Total Comprehensive Income				(20,178)		
Warrant plans						
Share Based Payments			728			
Transactions with owners						
Capital increase						
Issuance costs						
Exercise of warrants	214	33	(93)			
Balance at 30 June 2011	**73,290**	**126,454**	**5,812**	**(124,062)**	**0**	**81,494**

3.4 CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Period ended 30 June	
(€'000)	**2011**	**2010**
Cash flows from operating activities		
Loss before income tax	(20,178)	(15,283)
Adjustments for:		
Amortization	297	159
Depreciation	1,198	1,175
(Profit)/loss on disposal of property, plant and equipment		
Share-based payment expense	727	1,303
Finance income – net	(789)	(621)
Net movement in trade and other receivables	(1,642)	119
Net movement in trade and other payables	(2,101)	(4,106)
Cash used in operations	**(22,488)**	**(17,254)**
Interest paid	(10)	(1)
Interest received	799	622
Income tax paid	0	0
Net cash used in operating activities	**(21,699)**	**(16,633)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,420)	(1,383)
Proceeds from sale of property, plant and equipment		
Purchases of intangible assets	(158)	(232)
Purchases of available-for-sale financial assets		
Purchases of short-term investments		(37,000)
Sale of available-for-sale financial assets		20,000
Sale of short-term investments	2,000	
Transfer to non-current asset		
Net cash used in investing activities	**422**	**(18,615)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	0	47,181
Proceeds from exercise of warrants	154	102
Proceeds from borrowings		
Repayments of borrowings	(161)	(29)
Net cash generated from financing activities	**(7)**	**47,254**
Net (decrease)/increase in cash and cash equivalents	**(21,284)**	**12,006**
Cash and cash equivalents at beginning of the period	*27,342*	*44,309*
Cash and cash equivalents at end of the period	**6,058**	**56,315**

3.5 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3.5.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2011 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 annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 31 December 2010. The condensed consolidated financial statements are presented in thousands of Euro (unless stated otherwise). The condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 August 2011.

The condensed consolidated interim financial information has been reviewed, not audited, by the statutory auditor.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2010.

New standards or interpretations applicable from 1 January 2011 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 and has a fully consolidated subsidiary SA Ablynx in Portugal.

3.5.2 SHARE-BASED PAYMENTS

Warrants	29/04/2010	28/04/2011
Number of warrants granted	85,500	387,050
Number of warrants not vested at 30/06/2011	85,500	387,050
Expected price (in Euro)	8.24	8.68
Expected dividend yield	0	0
Expected stock price volatility	50%	50%
Risk-free interest rate	3.46%	3.46%
Expected duration	7	7
Fair value (in Euro) at grant date	4.49	4.49

Warrants	2002	2003	2004	2005	2006	2006	2007	2007	2008	2009	2009	2009	2009	2010	2010	2011	Total number	Average Exercise price (in Euro)
At 31 December 2010																		
Outstanding	0	31,000	252,000	88,500	1,650,316	38,878	399,944	10,713	347,149	95,000	116,875	95,837	160,000	285,950	47,500	0	3,619,662	**2.77**
Non-vested							39,063		137,500	49,479	59,740	66,791	113,333	285,950	47,500		799,356	**6.57**
Exercisable	0	31,000	252,000	88,500	1,650,316	38,878	360,881	10,713	209,649	45,521	57,135	29,046	46,667	0	0	0	2,820,306	**1.69**
Granted															38,000	387,050	425,050	**8.64**
Forfeited									2,084			2,254		2,700			7,038	-
Exercised		15,000	28,000			18,878	67,252										129,130	**1.21**
Expired																0	0	-
At 30 June 2011																		
Outstanding	0	16,000	224,000	88,500	1,650,316	20,000	332,692	10,713	345,065	95,000	116,875	93,583	160,000	283,250	85,500	387,050	3,908,544	**3.45**
Non-vested	0	0	0	0	0	0	0	0	96,250	37,604	48,177	53,269	93,333	200,635	85,500	387,050	1,001,818	**7.63**
Exercisable	0	16,000	224,000	88,500	1,650,316	20,000	332,692	10,713	248,815	57,396	68,698	40,314	66,667	82,615	0	0	2,906,726	**2.01**

Warrants issued in April 2011 for employees and members of the Executive Committee

During the General Shareholders Meeting of 28 April 2011, the issuance of a maximum number of 640,000 warrants was approved and 387,050 warrants have been issued.

Each warrant gives the beneficiaries the right to subscribe to one share of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the average closing rate of the share over a period of 30 days before the date of the grant (€8.68 per warrant). The warrants vest ratably over 4 years: 25% of the warrants vest after one year; after that date the remaining 75% become vested on a monthly basis (2.083% per month).

The warrants can only be exercised when vested and as from the beginning of the fourth calendar year following the year in which the warrants have been granted (thus starting as from the 1st of January 2015 until 15 April 2016). In case of a normal termination of the employee contract or the consulting agreement, all the vested warrants need to be exercised during the current or next exercise period. Vested warrants which have not been exercised in the foreseen period cannot be transferred to future exercise periods and become lapsed. All non-vested warrants become lapsed on the moment of termination of the agreement. The duration of the warrants is five years as of the issue date of the warrants. Warrants that have not been exercised within 5 years of their creation become null and void.

3.5.3 RESEARCH AND DEVELOPMENT EXPENSES

	Period ended 30 June	
(€'000)	**2011**	**2010**
Consumables	2,444	2,146
Outsourcing	14,665	9,067
Patent costs	931	728
Personnel costs [1]	7,578	6,455
Share based payments	230	287
Other operating expenses	1,826	1,569
Subtotal	**27,674**	**20,252**
Depreciation and amortization	1,204	1,103
Total research and development expenses	**28,878**	**21,355**

[1] *excluding share based payment and executive committee compensation*

3.5.4 GENERAL ADMINISTRATIVE EXPENSES

	Period ended 30 June	
(€'000)	**2011**	**2010**
Personnel costs	1,521	1,317
Share-based payments	497	1,016
Executive Committee compensation	992	815
Consultancy	817	575
Other operating expenses	815	653
Subtotal	**4,642**	**4,376**
Depreciation and amortization	290	186
Total general and administrative expenses	**4,932**	**4,562**

3.5.5 RELATED-PARTY TRANSACTIONS

a. Remuneration of key management personnel

	Period ended 30 June	
	2011	**2010**
Number of management members	4	5
(€'000)		
Short term employee benefits (salaries, social security bonuses, lunch vouchers)	578	471
Post employee benefits (group insurance)	51	62
Share-based compensation	349	907
Other employee costs	186	151
Management fees	176	162
Total	1,340	1,753
Number of warrants granted (in units)	175,000	207,500
Cumulative outstanding warrants (in units)	2,836,250	2,730,000
Exercised warrants (in units)		
Outstanding payables	0	29
Shares owned (in units)	11,805	11,805

Key management consists of the members of the executive committee and the entities controlled by any of them.

b. Transactions with non-executive directors

	Period ended 30 June	
	2011	**2010**
(€'000)		
Share-based compensation		6
Management fees	60	33
Total benefits	60	39
Number of warrants offered (in units)		
Cumulative outstanding warrants (in units)	10,713	10,713
Non-vested warrants		
Shares owned (in units)	6,761,487	5,946,487

3.5.6 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 reporting date any sources of estimation uncertainty, which involve a significant risk of material adjustment to the financial statements in the following year.

3.5.7 EFFECTS OF ECONOMIC TURBULENCE AND MARKET CONDITIONS

Although global market conditions have affected market confidence, Ablynx remains to have sufficient working capital to service its operating activities.

3.5.8 COMMITMENTS

Not applicable

3.5.9 EVENTS AFTER THE BALANCE SHEET DATE

20 July 2011 – An additional 4,347 common shares have been issued by the Company in exchange of €10,545.20 as the result of the exercise of warrants by some employees and consultants of the Company. As a result of the transaction, Ablynx now has 43,689,895 shares outstanding.

26 July 2011 – Ablynx was granted a certificate for Good Laboratory Practice (GLP) from the Belgian Scientific Institute of Public Health (IPH) for its new GLP unit at its headquarters in Ghent, Belgium.

27 July 2011 – Ablynx has been informed by the European Patent Office about the (intended) grant of a number of our applications relating to half-life extension.

28 July 2011 – Initial observations of Ablynx's phase II trial with the anti-vWF Nanobody ALX-0081/ALX-0681 in patients with TTP were presented at a scientific conference in Kyoto, Japan.

4. LIMITED REVIEW REPORT

LIMITED REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selective notes (jointly the "interim financial information") of Ablynx NV ("the company") and its subsidiaries (jointly "the group") for the six-month period ended 30 June 2011. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Diegem, 25 August 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees