This prospectus (the "Prospectus") relates to the initial offering (the "Offering") to subscribe for up to €75 million of new common shares in Ablynx NV (the "Company" or "Ablynx"), with VVPR strips (the "VVPR Strips"). This amount of New Shares with VVPR Strips may be increased by up to 15 per cent, to an amount of €86.25 million (the "Increase Option", the new shares initially offered and the shares offered as a result of the possible exercise of the Increase Option jointly being referred to as the "New Shares"). Any decision to exercise the Increase Option will be announced, at the latest, on the date the Offer Price is announced. JPMorgan and KBC Securities (the "Joint Global Coordinators") will be granted an over-allotment option by the Company (the "Over-allotment Option"), exercisable as of the listing date (the "Listing Date") and until 30 days thereafter, corresponding to up to 15 per cent of the New Shares subscribed for in the Offering for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any. The existing shares covered by the Over-allotment Option (the "Additional Shares" and, together with the New Shares, the "Offered Shares") and the New Shares issued upon exercise of the Over-allotment Option, if any, will not have a separate VVPR Strip.

The Offered Shares are offered to the public in Belgium (including to employees, consultants and independent directors of the Company in Belgium) and, pursuant to a private placement, to institutional investors, both within and outside Belgium and to employees, consultants and independent directors of the Company outside Belgium.

There is currently no market for the Company's shares. The Company has applied to have its shares admitted to trading on Eurolist by Euronext Brussels under the trading symbol "ABLX". The Company has applied to have the VVPR Strips admitted to trading on Eurolist by Euronext Brussels under the trading symbol "ABLXS".

See "1 Risk Factors" beginning on page 1 for a discussion of certain risks that you should consider in connection with an investment in the Offered Shares. The Company has never been profitable, its research programs are at an early stage of development and it has never commercialized any products.

Neither the Offered Shares nor the VVPR Strips have been and they will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and they may not be offered or sold within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Offered Shares and VVPR Strips are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and within the United States to "qualified institutional buyers" ("QIBs") as defined in, and in reliance on, Rule 144A of the Securities Act ("Rule 144A").

The Offered Shares and VVPR Strips are expected to be delivered through the book-entry facilities of Euroclear Belgium on or about 9 November, 2007.

Joint Global Coordinators and Joint Bookrunners

JPMorgan

KBC Securities

Co-Managers

Kempen & Co
Merchant Bank

PiperJaffray

Selling agent

KBC

Prospectus dated 12 October 2007

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SUMMARY

The summary information contained in this section is only an introduction to this Prospectus. Any decision to invest in the Offered Shares pursuant to the Offering should be based on consideration of this Prospectus as a whole by the investor and not just this summary.

Under the Prospectus Directive (Directive 2003/71/EEC), in each member state of the European Economic Area ("EEA"), civil liability for this summary, including any translation thereof, attaches to those persons responsible for the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this Prospectus. If any claim is brought before a court of an EEA state relating to the information contained in this Prospectus, the investor who brings such a claim might, under the national legislation of such EEA state, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Overview

Ablynx is a biopharmaceutical company focused on the discovery and development of Nanobodies® ("Nanobodies"), a new class of novel therapeutic proteins that are derived from naturally occurring antibodies. Nanobodies are based on the smallest functional fragments of heavy chain antibodies, which occur naturally in the *Camelidae* family, including camels and llamas. These stable "heavy chain only" antibodies have not been found in any other mammals.

The Company believes that Nanobody-based drug candidates will have a competitive advantage as they combine the benefits of conventional monoclonal antibodies ("mAbs") with some of the well-known features of small molecule drugs. Ablynx can rapidly identify and produce high affinity Nanobodies against a wide range of biological targets. The Company believes that, coupled with their high affinities, the physical attributes of Nanobodies, including their small size, structural features, potential for extended half-life, high stability and ease of manufacture, make them attractive drug candidates with potential applications in major therapeutic areas, including cardiovascular disease, inflammation, oncology and neurology. The inherent stability of Nanobodies offers the opportunity for alternative delivery routes beyond injection, including oral, inhalation and transdermal, thus broadening their potential application and market opportunity.

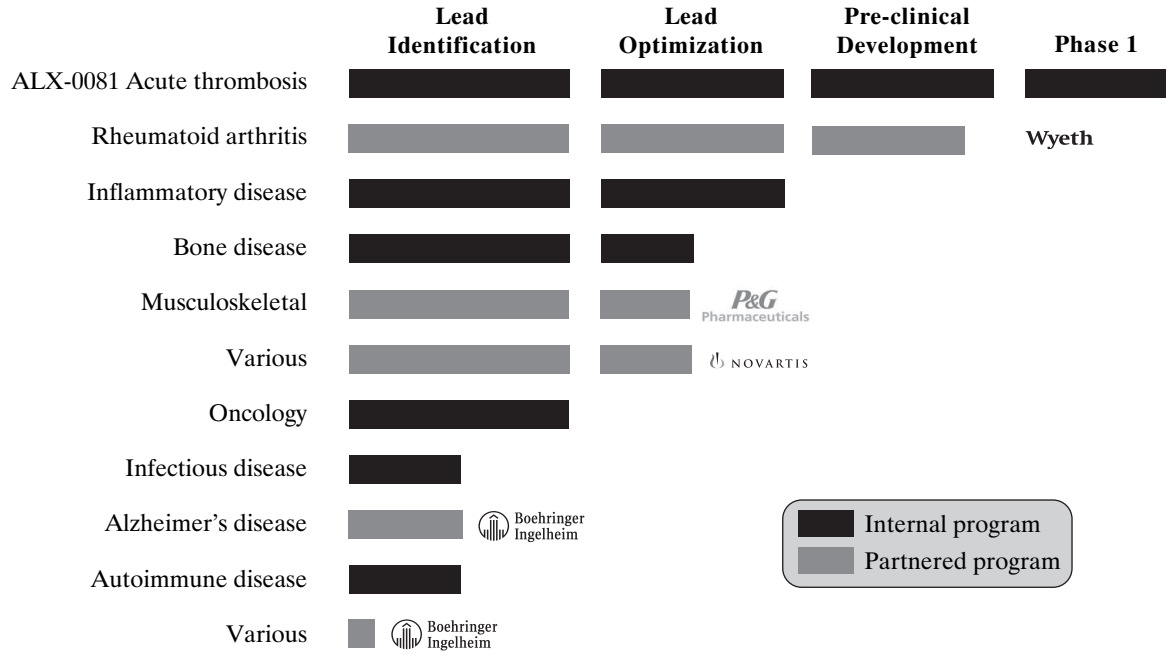
To date, Nanobodies have been generated against more than 100 potential disease targets and positive *in vivo* efficacy data have been demonstrated in 16 animal disease models. The Company believes that its technology platform is well-validated as it has been the subject of more than 130 peer-reviewed scientific papers. Ablynx is committed to fully exploiting its technology platform to develop a diverse and broad portfolio of therapeutic Nanobodies.

The Company's most advanced development program is focused on thrombosis. Currently, the lead compound in this program, ALX-0081, is in Phase I clinical development. Ablynx believes that ALX-0081 may be valuable in several therapeutic indications, including acute coronary syndrome ("ACS")—requiring interventional angioplasty, stroke and the orphan disease thrombotic thrombocytopenic purpura ("TTP"). Pre-clinical data generated using ALX-0081 have demonstrated increased efficacy and significantly decreased side effects when compared to currently available anti-thrombotic treatments. In December 2006, the Company filed a Request for Authorization ("RfA"), an IND-equivalent, in Europe for ALX-0081 and has completed the in-life phase of the first in man Phase I clinical trial. Phase II clinical testing is expected to begin in 2008. The Company believes that the earliest date for commercialization of ALX-0081 would be 2013.

Since 2004**,** Ablynx has entered into a number of important scientific and commercial collaborations including ventures with Boehringer Ingelheim ("BI"), Centocor Research & Development (a wholly owned subsidiary of Johnson & Johnson) ("Centocor"), Novartis, Procter & Gamble Pharmaceuticals ("P&GP") and Wyeth Pharmaceuticals ("Wyeth"). For more information see "12.9 Business—Collaborations and Partnerships". Such deals normally involve Ablynx receiving over a period of many years one or a combination of the following: up-front payments; FTE payments; payments for the achievement of technical milestones (e.g. on initiation of Phase I, Phase II and Phase III trials or market approval. For more information see "13 Regulation"); and royalty payments on future product sales. In return, Ablynx licenses or transfers certain intellectual property rights to its collaborator as well as usually providing scientific support, resources and expertise to the venture. For example, in January 2007, the Company announced a deal with a value of up to €206 million (theoretical deal value agreed between parties (*i.e.,* estimated maximum), excluding royalties) with BI under which BI and Ablynx agreed to

collaborate to identify Nanobodies against a specific biological target believed to be relevant in Alzheimer's disease, and BI received an exclusive worldwide license to develop and commercialize such Nanobodies. In September 2007, the Company announced a major €1.3 billion (theoretical deal value (*i.e.*, estimated maximum), excluding royalties) global strategic alliance with BI to discover, develop and commercialize up to 10 different Nanobody therapeutics. The Company intends to continue, when appropriate, to enter into selective collaborations with biopharmaceutical partners as a means of generating capital reserves and sharing risk as well as increasing the likelihood of both development and commercial success.

The Company's current research and development pipeline includes compounds for the following disease areas:



Ablynx has an extensive patent position in the field of Nanobodies for healthcare applications, with exclusive and worldwide rights to more than 200 patents and patent applications within some 50 patent families. These include the patents describing the basic structure, composition, preparation and uses of Nanobodies (the "Hamers patents"), which have been granted or are pending in the United States, Europe, Japan and other territories. The Company's patents cover all of its internal and partnered development programs. Classical mAb-based therapeutics are often subject to certain broad-ranging production patents and target-related patents. Ablynx believes that its Nanobody-based drug candidates may not fall under at least some of these patents and so may often not be subject to the royalty obligations typically associated with mAb-based therapeutics.

To date, the Company has raised €70 million in private equity financing. It has research facilities in Ghent, Belgium, and Porto, Portugal and as of 30 June 2007, it had more than 100 employees, approximately 35% of whom hold PhD degrees.

Ablynx Strategy

Ablynx seeks to successfully discover, develop and commercialize Nanobody-based drugs for a range of important human diseases. Key elements of the Company's strategy include:

- ***Continue to leverage the cost-effective nature, broad applicability and flexibility of the Company's Nanobody technology to rapidly identify potential drug candidates with unique advantages across a range of therapeutic areas.*** The Company is focused on the rapid discovery and development of a large number of potential new product candidates to maximize the probability of success and minimize the effects of natural pipeline attrition. Ablynx will seek to continue to leverage its Nanobody technology with the goal of filing at least five IND-equivalents for compounds still wholly owned by Ablynx over the next five years. The Company is not planning a specific therapeutic area focus in the short to medium term, and its selection of programs will be primarily based on: an assessment of the specific advantages of Nanobodies for an indication compared to other approaches; the level of clinical validation for a

particular target; the availability of target material; intellectual property issues and; the competitive landscape and commercial opportunity.

- ***Rapidly advance Ablynx's anti-thrombosis lead candidate, ALX-0081, through clinical development.*** The Company is focused on the development of its lead candidate, ALX-0081, for the treatment and prevention of acute thrombotic events. ALX-0081 is currently in Phase I clinical development. The Company believes that ALX-0081 may target a significant market opportunity in the treatment of various thrombosis related indications. Ablynx believes that the development of ALX-0081 represents an important clinical validation of Nanobodies.

- ***Selectively partner Nanobody programs to seek to maximize the Company's market opportunity.*** Ablynx will retain rights to certain indications or territories if it believes it can develop and/or commercialize products using its own resources. It will, however, collaborate selectively on the development and commercialization of certain product candidates which are expected to require specialist expertise or significant capital investment for development or marketing. For example, in 2006, the Company entered into a collaboration on its TNFα program with Wyeth. Ablynx believes that the collaboration with Wyeth will accelerate the clinical development of drug candidates within the TNFα program as a result of Wyeth's general capabilities, resources and specific experience with a related product, Enbrel®, which attained worldwide sales of more than US$4.4 billion in 2006.

  Ablynx carefully manages the number of collaborative programs in which it is engaged at any one time and also limits the scope of these collaborations by providing rights to specific biological targets rather than broad indications. The Company seeks to maximize the benefits from its partnerships while retaining the ability to properly resource and focus on its own in-house discovery and development activities.

- ***Maintain and expand Ablynx's proprietary Nanobody technology and intellectual property position.*** Ablynx has rights to patents and applications in the United States, Europe, Japan and other territories which describe the basic structure, composition, preparation and uses of Nanobodies. Ablynx intends to actively protect its proprietary position and will continue to file additional patents on products and technology whenever appropriate. To help develop its technology platform and expand its intellectual property portfolio, the Company maintains collaboration and outsourcing arrangements with several academic laboratories and retains rights to all of the intellectual property developed under these arrangements. In particular, Ablynx has a collaboration with Utrecht University, which has resulted in the identification of Nanobodies against more than 50 antigens and the Company filing numerous patent applications covering target classes as well as individual targets.

THE OFFERING

Ablynx or the Company	Ablynx NV, a public limited liability company ("*naamloze vennootschap*") incorporated under Belgian law, having its registered office at Technologiepark 4, B-9052 Zwijnaarde and registered with the Belgian register for legal entities under the number 0475.295.446 (RPR Gent).
Joint Global Coordinators	J.P. Morgan Securities Ltd. and KBC Securities NV
Underwriters	The Joint Global Coordinators, Kempen & Co BV and Piper Jaffray, Ltd.
Selling agent	KBC Bank NV
Financial service	KBC Bank NV
Offered Shares	The Offering is for (i) up to €75 million in new common shares, which amount may be increased by up to 15 per cent to an amount of €86.25 million (the "Increase Option", the new shares initially offered and the shares offered as a result of the possible exercise of the Increase Option jointly being referred to as the "New Shares"). Any decision to exercise the Increase Option will be announced, at the latest, on the date the Offer Price is announced, and (ii) up to a maximum of 15% of the number of New Shares subscribed for in the Offering covered by the Over-allotment Option (the "Additional Shares", and, together with the New Shares, the "Offered Shares"). All Offered Shares were or will be issued in accordance with Belgian law. All Offered Shares will have the same rights attached to them as the Company's other shares, taking into account, however, that only the New Shares will have VVPR Strips attached. The Offered Shares will be entitled to share in the profits of the Company, if any, as of 1 January 2007 and are therefore entitled to the dividend, if any, for the financial year ending on 31 December 2007 and the following financial years. The Offered Shares will have coupons no. 1 and following attached.
Increase Option	Depending on the volume of demand, the amount of new common shares initially offered in the Offering may be increased by up to 15% percent to an amount of €86.25 million. Any decision to exercise the Increase Option will be announced at the latest on the date the Offer Price is announced, which is currently expected to be on or about 7 November 2007.
Offering	The Offering is comprised of: • a public offering in Belgium to retail investors (including to the Company's employees, consultants and independent directors in Belgium); • a private offering to the Company's employees, consultants and independent directors outside of Belgium and outside the United States in reliance on Regulation S under the US Securities Act of 1933 (as amended) (the "Securities Act"); • an offering to qualified institutional buyers in the United States in accordance with Rule 144A of the Securities Act; and • an offering to qualified and institutional investors in Belgium and elsewhere outside the United States in reliance on Regulation S under the Securities Act.
Boehringer Ingelheim	When BI concluded its second collaboration agreement, with Ablynx in September 2007, it committed to subscribe for €15 million in New Shares at the Offer Price. This subscription will

	be subject to a guaranteed allocation within the institutional tranche of the Offering.
VVPR Strips	VVPR Strips entitle certain of their holders to a reduced rate of Belgian withholding tax (15% rather than 25%) on dividends. The VVPR Strips will be separately tradable. In allocating the Offered Shares, reasonable efforts will be used to deliver the New Shares (with VVPR Strips) to individual persons residing in Belgium and to investors subject to Belgian tax on legal entities ("*rechtspersonenbelasting*"), in this order of priority.
Over-allotment Option	The Joint Global Coordinators will be granted an Over-allotment Option, exercisable as of the Listing Date and until 30 days thereafter, at the final Offer Price, to subscribe for up to a maximum number of new shares equal to 15% of the New Shares subscribed for in the Offering, for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any. This option consists of a warrant granted by the Company to the Joint Global Coordinators. The possibility to over-allot shares in the Offering and to exercise the Over-allotment Option will exist whether or not the Offering is fully subscribed. The new shares resulting from the exercise of the Over-allotment Option will not have separate VVPR Strips. In order to cover any over-allotments prior to the exercise of the Over-allotment Option, the Joint Global Coordinators will enter into a stock lending agreement with existing shareholders of the Company. Any of the Additional Shares allocated to investors will be existing shares and therefore will not have separate VVPR Strips.
Allocation	It is expected that no less than 10% of the Offered Shares effectively allocated will be allocated to retail investors in Belgium (subject, however, to sufficient retail demand). However, the proportion of Offered Shares allocated to retail investors may be increased, possibly substantially, if applications received from them exceed 10% of the Offered Shares effectively allocated. For more information see "5.3 Information on the Offering—Application Procedure—Allocation of the Offered Shares and VVPR Strips". Within the retail tranche, up to the value of €300,000 of Offered Shares will be reserved for allocation to the Company's employees, consultants and independent directors on a preferential basis.
Business Day	A business day ("Business Day") is any day, other than a Saturday or Sunday, that banks are open for general business in Brussels.
Offering Period	The Offering Period will begin on 22 October 2007 and is expected to close on 5 November 2007 at 4.00 p.m. Brussels time, subject to early closure. The Company, in consultation with the Joint Global Coordinators, reserves the right to close the Offering Period at an earlier date and time provided that the Offering Period will in any event be open until at least six Business Days as from the availability of the Prospectus(1). Any early closure of the Offering Period will be announced in the Belgian financial press. In the event the Offering Period is extended, this will be published as an addendum to the Prospectus in the Belgian financial press. The Offering Period for retail and institutional investors will be the same.
Offer Price	The Offer Price will be a single price in Euro that will apply to all investors, including retail and institutional. The Offer Price will be

(1) At the registered office of the Company, from KBC Telecenter at +32 3 283 29 70 or, subject to certain conditions, on the following websites: *www.ablynx.com*, *www.kbc.securities.be*, *www.kbc.be* and on the website of Euronext.

	determined within a price range. The applicable price range will be published in the Belgian financial press on or about 20 October 2007. The Company will determine the Offer Price, within the price range, in common agreement with the Joint Global Coordinators on the basis of a book-building procedure, in which only institutional investors can participate. The Offer Price will be determined as soon as possible after the end of the Offering Period on the Allocation Date. The applicable Offer Price will in no event exceed the upper-end of the price range. The Offer Price will be published in the Belgian financial press on the first publishing day following its determination, which is expected to be on 7 November 2007.
Allocation Date	The date on which the Offer Price will be determined (the "Allocation Date") is expected to be on 6 November 2007, subject to early closure of the Offering Period.
Payment, settlement and delivery	Payment for and delivery of the Offered Shares and VVPR Strips is expected to take place in book-entry form against full payment in immediately available funds on or about 9 November 2007, being the third Business Day following the Allocation Date and subject to early closure. All Offered Shares and VVPR Strips will be delivered in book-entry form through the facilities of the Belgian central securities depositories, in accordance with their normal settlement procedures applicable to equity securities.
Closing Date	The Closing Date is the date on which the capital increase associated with the Offering will be established by two directors of the Company acting jointly in front of a notary in Belgium. The Closing Date is expected to be on or about 9 November 2007, being the third Business Day following the Allocation Date and subject to early closure. This date will be published in the Belgian financial press together with the announcement of the Offer Price and the results of the Offering.
Use of proceeds	The Company will receive the net proceeds from the Offering of the New Shares and the exercise (if any) of the Over-allotment Option. The Company intends to use the net proceeds of the Offering to continue the clinical development of ALX-0081 for acute thrombosis and potentially other indications, to advance and expand pre-clinical studies and initiate clinical development of additional Nanobody product candidates, to further develop its proprietary Nanobody technology platform, to gain access to new targets and technologies and for other general corporate purposes, as further described in "7 Use of Proceeds".
Warrants	All warrants issued by the Company in relation to stock option plans granted by the Company as described more fully in "16.5 Description of Share capital and Corporate Structure—Warrants"
Costs and expenses of the Offering	The aggregate costs of the Offering are estimated to be approximately 4.1% of the gross proceeds of the Offering (assuming the increase Option and Over-allotment Option are exercised in full). These costs include legal, consulting, administrative, audit and other costs (€1,015,000), remuneration of the Belgian Banking, Finance and Insurance Commission (€15,690), legal publications, printing of this Prospectus (€1,000,000), cost of advisors, management, underwriting and selling fees (2.8% or €2,806,875 million, not including a

	discretionary fee of up to 2%) and the fees payable to Euronext Brussels (€171,799).
	All costs will be borne by the Company.
Listing Date	An application has been made for the listing and admission to trading on Eurolist by Euronext Brussels of all New Shares and existing shares, (including all shares resulting from the exercise of the Warrants and from the exercise of the Over-allotment Option). An application has also been made for the listing and admission to trading of the VVPR Strips on Eurolist by Euronext Brussels. Trading will commence on the Listing Date, expected on or about 7 November 2007, being the first trading day following the Allocation Date, but before the Closing Date when the Offered Shares and VVPR Strips are delivered to the investors, subject to early closure. Prior to the delivery of the Offered Shares and the VVPR Strips, the shares and VVPR Strips will be traded on an *as-if-and-when-issued-or-delivered* basis. Prior to the listing of the shares and VVPR Strips, no public market existed for the Company's shares or the VVPR Strips.
Security codes—shares	ISIN: BE0003877942
	Security Code: 3877.94
	Euronext Symbol: "ABLX"
Security codes—VVPR Strips	ISIN: BE0005620910
	Security Code: 5620.91
	Euronext Symbol: "ABLXS"
Envisaged timetable	The following dates are all envisaged dates, barring any unforeseen circumstances and subject to early closure:
Lock-up and standstill arrangements	The members of the Company's Executive Committee, the Company's current shareholders and BI are expected to enter into a lock-up arrangement with the Joint Global Coordinators for a period of 12 calendar months from the Allocation Date, and that is subject to certain exceptions. The Company is expected to agree with the Joint Global Coordinators not to issue additional financial instruments during a term of 12 calendar months as from the Allocation Date, subject to the exercise of the Over-allotment Option and certain other exceptions. These arrangements are further described in "5.10 Information on the Offering—Lock-up and standstill arrangements".
	These lock up arrangements do not apply to staff members of the Company (other than members of the Company's Executive Committee), and the three non-executive directors. Furthermore, certain shareholders together holding 81,250 shares are not bound by the contractual lock up but are subject to the statutory lock up provision contained in the Royal Decree dated 17 May 2007 on primary market practices.

Date	Event
20 October 2007	Expected publication date of price range of the Offering and the maximum number of Offered Shares offered in the Offering
22 October 2007	Expected start of Offering Period
5 November 2007 (T − 1)	Expected closure of Offering Period

6 November 2007 (T)	Expected Allocation Date
7 November 2007 (T+1)	Expected publication date of Offer Price and results of the Offering
7 November 2007 (T+1)	Expected Listing Date (listing and start of trading)
9 November 2007 (T+3)	Expected Closing Date (payment, settlement and delivery)

General Timetable (in the event of an early closure of the Offering Period)

Any early closure of the Offering Period will be announced in the Belgian financial press (together with any related revision of the expected dates on pricing, allocation, conditional trading, listing and closure) at the latest the first publishing day after such early closure.

In the event of an early closure of the Offering Period, the revised expected dates of pricing, allocation, conditional trading and listing and closing would be as follows:

Date	Event
(T − 1) or before	Expected closure of the Offering Period
(T)	Revised Allocation Date
(T+1)	Revised expected publication date of Offer Price and results of the Offering
(T+1)	Revised expected Listing Date
(T+3)	Revised expected Closing Date

SUMMARY FINANCIAL INFORMATION

Set forth below is the summary income statement, balance sheet and cash flow statement financial data of the Company as of and for the years ended December 31, 2004, 2005 and 2006, derived from the Company's audited, non-statutory financial statements, prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus. This section also includes summary income statement, balance sheet and cash flow statement financial data of the Company as of and for the six months ended 30 June 2007, derived from the Company's unaudited but reviewed financial statements, prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus.

Investors should read this section together with the information contained in "11. Management's discussion and analysis", the non-statutory financial statements of the Company, prepared in accordance with IFRS, as adopted by the EU, the Statutory financial statements of the Company prepared in accordance with Belgium GAAP, and the related notes thereto included elsewhere in this Prospectus.

As required by Belgian Company law, in view of the fact that the Company does not prepare consolidated financial statements, the Company prepares and after the Offering will continue to prepare statutory financial statements in accordance with Belgian GAAP as the Company's exclusive legal reporting framework. However, for purposes of transparency and comparability, the Company, on a voluntary basis, in this Prospectus includes non-statutory financial statements prepared in accordance with IFRS, as adopted by the EU, and intends to continue to prepare such IFRS statements on a voluntary basis in the context of its ongoing reporting requirements, in addition to preparing financial statements under Belgian GAAP. The Company, in this Prospectus and in the context of its ongoing reporting requirements, will focus discussion on the financial statements prepared in accordance with IFRS, as adopted by the EU, and will describe the material differences between Belgian GAAP financial statements and IFRS financial statements for each reporting period.

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006
		(€'000) (audited)		(€'000) (unaudited)	
Income Statement Data:					
Revenue:					
Research and development	3,628	458	23	4,181	900
Grants	341	386	1,067	349	228
Total revenue	3,969	844	1,090	4,530	1,128
Research & development expense	(13,504)	(8,041)	(4,934)	(8,491)	(5,943)
General & administrative expense	(4,160)	(2,760)	(1,684)	(2,611)	(1,663)
Total operating expenses	(17,664)	(10,801)	(6,618)	(11,102)	(7,606)
Other operating income/(expense)	48	20	11	4	13
Operating result	(13,647)	(9,937)	(5,517)	(6,568)	(6,465)
Finance income (net)	414	359	107	409	67
Loss before taxes	(13,233)	(9,578)	(5,410)	(6,159)	(6,398)
Income tax expense	0	(2)	0	0	0
Loss of the period	(13,233)	(9,580)	(5,410)	(6,159)	(6,398)

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006[1]
		(€'000) (audited)		(€'000) (unaudited)	
Balance Sheet Data (as of period end):					
Non-current assets:					
Intangible assets	899	1,128	1,312	820	—
Property, plant & equipment	1,626	842	694	1,976	—
Current assets:					
Trade receivables	1,369	436	161	1,169	—
Other current assets	596	314	180	735	—
Accrued income and deferred charges	383	796	455	584	—
Cash and cash equivalents	25,799	11,745	8,187	38,599	—
Total assets	30,672	15,261	10,989	43,883	—
Equity:					
Share capital	24,416	17,661	5,161	44,554	—
Share premium account	26,530	13,425	13,425	26,535	—
Share-based payments	780	241	50	1,157	—
Retained earnings	(31,675)	(18,442)	(8,862)	(37,834)	—
Non-current liabilities:					
Borrowings	154	0	0	71	—
Current liabilities:					
Borrowings	178	0	0	188	—
Trade payables	2,302	1,046	563	2,638	—
Other current liabilities	1,097	492	429	1,552	—
Deferred income	6,890	838	223	5,022	—
Total liabilities	10,621	2,376	1,215	9,471	—
Total equity and liabilities	30,672	15,261	10,989	43,883	—
Cash Flow Statement Data:					
Net Cash used in operating activities	(4,766)	(8,364)	(4,323)	(6,516)	(4,881)
Net cash used in investing activities	(1,372)	(577)	(726)	(726)	(234)
Net cash generated from financing activities	20,192	12,500	12,202	20,042	0

(1) The Company prepared a balance sheet as at December 31, 2006, which is included herein; however, balance sheet information is not available for June 30, 2006.

SUMMARY MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

Through 30 June 2007, the Company has funded its operations through:

- proceeds of €70.2 million from private placements; and
- cash receipts of €3.6 million from grants, €11.6 million from license fees, research and development funding and milestone payments from its collaborators and €2.0 million from interests.

The Company spent approximately €37 million of its cash receipts on research and development, approximately €11.8 million on general and administrative and had €38.6 million in cash as at the end of June 2007.

Revenue

Most of the Company's revenue to date has been generated from its collaborative agreements, including upfront fees (which may be recognized over the initial years of an agreement), research and development support and milestone payments, and grant support primarily from the Flemish government. Since inception through June 30, 2007, Ablynx has recognized total revenue of €8.4 million from its collaboration agreements, and it has been awarded grant support totaling approximately €6.2 million, which includes €2.6 million payable through the beginning of 2009. In the future, the Company will seek to generate revenue from a combination of upfront fees, research and development support, milestone payments from collaborations, royalties from the licensing of intellectual property, grants, and product sales, Ablynx expects that future revenue will continue to fluctuate from period to period as a result of the timing of collaboration agreements, in addition to the amount and timing from the sale of products, to the extent that any are successfully commercialized. The Company continues to seek new research and development collaborations, and it also expects to receive additional grant support from Belgian and international institutions.

Research and development expenses

The Company's research and development expenses reflect costs incurred for research and development projects, including the salaries of research personnel, rental of laboratory facilities, laboratory supplies and the costs of outsourced research and development services. It also includes the costs of maintaining and overseeing the Company's intellectual property portfolio.

The Company expects that research and development expenditures for the discovery, development and commercialization of drug candidates and enhancements will continue to increase as the Company progresses its pre-clinical programs into clinical phases and would enter Phase II for its ALX-0081 program. In addition, Ablynx intends to initiate sufficient new discovery programs, with the goal of filing at least five new INDs or IND-equivalents by 2011 for compounds still wholly-owned by Ablynx.

Results of operations

The loss from continuing operations before tax and net finance costs increased from approximately €5.5 million in 2004 to approximately €9.9 million in 2005 and approximately €13.6 million in 2006. Negative operating result increased from €6.5 million in the six months ended June 30, 2006 to approximately €6.6 million in the six months ended June 30, 2007.

SUMMARY RISK FACTORS

An investment in the Offered Shares and/or the VVPR Strips involves a high degree of risk. Risks relating to Ablynx's business include:

- Nanobody-based drug candidates must undergo rigorous pre-clinical and clinical testing, the results of which are uncertain and could substantially delay or prevent the drug candidates from reaching the market.
- Delays in clinical trials are common and have many causes, and any such delays could result in increased costs and jeopardize or delay the Company's ability to achieve regulatory approval and commence product sales as currently contemplated.

- The Company's drug candidates may not obtain regulatory approval when expected, if at all, and even after obtaining approval, the drugs will be subject to ongoing regulation.
- The Company has a history of operating losses and an accumulated deficit and may never become profitable.
- The Company is, and expects to be, dependent on experienced partners relating to the development of some of its existing and future drug candidates and to the successful commercialization thereof. These collaborative arrangements may place the development and commercialization of some of its drug candidates outside of the Company's control and may require the Company to relinquish important rights.
- The Company's patents and other intellectual property rights may not adequately protect its products and product candidates, which may impede the Company's ability to compete effectively.
- The Company may infringe the patents or other intellectual property rights of others and may face patent or other intellectual property litigation which may be costly and time consuming.
- The Company faces, and will continue to face, significant competition and rapid technological change which could limit or eliminate the market opportunity for its products and product candidates.
- The Company relies on outsourcing arrangements for some of its activities, including manufacturing, data collection and analysis.
- The Company may not have adequate insurance cover in particular in connection with product liability risk.
- The commercial success of the Company's technologies will depend upon attaining significant market acceptance of its product candidates among physicians, patients, healthcare payers and the medical community.
- If the Company fails to attract and retain qualified personnel, it may be unable to successfully develop its technologies, conduct its clinical trials and commercialize product candidates.
- The Company may need substantial additional funding, which may not be available on acceptable terms when required, if at all.
- Outbreaks of diseases in llamas and other livestock diseases could have a material adverse effect on Ablynx's business.
- Prior to the Offering, there has been no public market for the Company's shares or the VVPR Strips in Belgium or elsewhere. There can be no assurance that the Offer Price will correspond to the market price of the shares following the Offering or that an active trading market for the shares will develop and continue after the Offering.
- Shareholders will likely experience significant future dilution as the exercise of outstanding Warrants could adversely affect the price of the shares and the VVPR Strips.
- The Company has the right to proceed with a capital increase in a reduced amount.
- Significant shareholders may exercise their rights in a manner which may not be in the interest of the Company or its other shareholders.
- The market prices for securities of biotechnology companies in general have been highly volatile and may continue to be highly volatile in the future.
- As of the Listing Date until the Closing Date, the shares and VVPR Strips will be listed and traded on Eurolist by Euronext Brussels on an "as-if-and-when-issued-or-delivered" basis. Transactions in the shares and/or VVPR shares effected prior to the Closing Date will be annulled if certain conditions or events are not satisfied or waived.
- The Company may become a passive foreign investment company, which could result in adverse US federal income tax consequences to US investors.

SUMMARY ADDITIONAL INFORMATION

Share capital

Prior to the Offering and before the exercise of any outstanding warrants, the Company's share capital amounted to €71,685,964.25 (€45,151,223.63 subscribed capital and €26,534,740.62 issuance premium), represented by 24,037,353 registered shares (reflecting the Share Consolidation (see "3 Certain Restrictions on the Offering and the Distribution of this Prospectus—3.4 Presentation of financial and other information")) without nominal value. The capital is fully paid up.

Articles of Association

The restated articles of association of the Company will be dated 12 October 2007. They will provide, amongst other things, for specific rules relating to the management of the Company, its shareholders meeting (including provisions in respect of the right to attend and to vote at such meetings) and the Company's liquidation. The entry into force of the restated articles of association is subject to the completion of the capital increase in connection with the Offering.

Information available to the public

Documents disclosed in accordance with applicable laws are available for consultation at the Company's registered office and/or on www.ablynx.com.

1 RISK FACTORS

An investment in the Offered Shares involves substantial risks. You should carefully consider the following information about certain of these risks, together with the information contained in this Prospectus, before deciding to subscribe for Offered Shares. If any of the following risks actually occurs, the Company's business, results of operations, financial condition and prospects could be adversely affected. In that case, the trading price of the Company's shares could decline and subscribers for the Offered Shares could lose all or part of their investment. An investment in the Offered Shares is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. A potential investor who is in any doubt about the action it should take should consult a professional advisor who specializes in advising on the acquisition of shares and other securities.

The risks and uncertainties that the Company believes are material are described below. However, these risks and uncertainties may not be the only ones faced by the Company and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

1.1 Risks related to the Company's business

Nanobody-based drug candidates must undergo rigorous pre-clinical and clinical testing, the results of which are uncertain and could substantially delay or prevent the drug candidates from reaching the market.

All Nanobody-based products will be subject to extensive pre-clinical and clinical studies to demonstrate safety and efficacy in humans before they can receive the necessary regulatory approval to enter the market. Clinical studies are expensive and time-consuming and their results are highly uncertain. The Company, its licensees or other third parties may not successfully complete their pre-clinical and clinical studies of Nanobodies. Failure to do so may significantly delay or prevent the commercialization of drug candidates or may potentially invalidate the concept of Nanobodies as a new therapeutic class.

The Company cannot guarantee that its drug candidates will demonstrate sufficient safety or efficacy in its studies to obtain marketing approval, and the results from earlier pre-clinical and clinical studies may not accurately predict the results of later-stage studies. For example, the Company's future clinical trials will involve testing in larger patient populations, which could reveal a higher prevalence of certain side effects compared to previous smaller scale studies. The clinical studies may be suspended or terminated if participating subjects are exposed to unacceptable health risks or if the drug candidates cause undesired side effects. Clinical studies may be discontinued or the development of the drug candidates may be abandoned if the clinical studies produce negative or inconclusive results.

At any stage of development, based on review of available pre-clinical and clinical data, the estimated costs of continued development, market considerations and other factors, including the risks detailed in this Prospectus, development of any of the Company's drug candidates may be discontinued.

Delays in clinical trials are common and have many causes, and any such delays could result in increased costs and jeopardize or delay the Company's ability to achieve regulatory approval and commence product sales as currently contemplated.

The Company may experience delays in clinical trials of its product candidates. The Company does not know whether planned clinical trials will begin on time, will need to be redesigned or will be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays in obtaining regulatory approval to commence a trial, in reaching agreement on acceptable terms with prospective contract research organizations, or CROs and prospective contract manufacturing organizations, or CMOs, and clinical trial sites, in obtaining institutional review board approval at each site, in recruiting suitable patients to participate in a trial, in having patients complete a trial or return for follow-up, in adding new sites or in obtaining sufficient supplies of clinical trial materials or clinical sites dropping out of a trial. Many factors affect patient enrolment, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials, clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new products that may be approved for the indications the Company is investigating and whether the clinical trial design involves comparison to placebo. If the Company experiences lower than expected enrolment in the trials, the trials may not be completed as currently scheduled. Furthermore, with respect to the clinical trials conducted by third parties, the Company will have no control over their timing or success.

The Company's drug candidates may not obtain regulatory approval when expected, if at all, and even after obtaining approval, the drugs will be subject to ongoing regulation.

The Company's products must obtain marketing approval from the European Agency for the Evaluation of Medicinal Products ("EMEA"), the USA Food and Drug Administration ("FDA") or regulatory authorities in other jurisdictions before the drug candidates can be commercialized in a given market. Each regulatory agency may impose its own requirements and may refuse to grant or may require additional data before granting marketing approval even if marketing approval has been granted by other agencies. Changes in regulatory approval policies or enactment of additional regulatory approval requirements may delay or prevent the drug candidates from obtaining marketing approval.

The regulatory approval process is expensive and time consuming and the timing of marketing approval is difficult to predict. The Company has not yet applied for marketing approval for any of its drug candidates and may lack the necessary experience to efficiently and successfully conduct such proceedings. Delay or failure of the drug candidates to obtain marketing approval could adversely impact the ability to commercialize the drug candidates and could substantially impair the Company's ability to generate revenues. Even after regulatory approval, drugs may be subject to post-marketing or vigilance studies or may be subject to limitations on their indicated uses and may be withdrawn from the market for various reasons, including if they are shown to be unsafe or ineffective.

In addition to the regulatory approval process, the Company and its potential partners are, or may be, subject to numerous ongoing regulatory obligations, such as data protection, environmental, health and safety laws and restrictions on the experimental use of animals and/or human beings. The costs of compliance with applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing approval of its drug candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drugs, operating restrictions and criminal prosecutions, any of which could significantly increase the Company's or its potential partners' costs, delay the development and commercialization of its drug candidates and substantially impair its ability to generate revenues and achieve profitability.

The Company has a history of operating losses and an accumulated deficit and may never become profitable.

The Company has incurred significant operating losses since it was founded in 2001. According to IFRS, as adopted by the EU, it experienced net losses of €13.2 million in 2006. As of 30 June 2007, the Company had an accumulated deficit of €37.8 million. These losses have resulted principally from costs incurred in research and development and clinical development and from general and administrative costs associated with the Company's operations. In the future, the Company will be required to conduct significant research and development, clinical testing and regulatory compliance activities that, together with anticipated general and administrative expenses, could result in the Company sustaining significant losses for the foreseeable future.

There can be no assurance that the Company will ever earn significant revenues or achieve profitability, which could impair the Company's ability to sustain operations or obtain any required additional funding. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods.

In addition, it is likely that the Company will continue to experience uneven cash flows. As a result, period-to-period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance. Any future deviations in results of operations from the results expected by securities analysts or investors could have a material adverse effect on the market price of the Company's shares.

Reliance on collaborative partners.

The Company is, and expects to be, dependent on current and future license, collaboration and other agreements with experienced partners relating to the development of some of its existing and future drug candidates and to the successful commercialization thereof. These collaborative arrangements may place the development and commercialization of some of its drug candidates outside of the Company's control and may require the Company to relinquish important rights. If the Company fails to enter into collaborations on favorable terms or at all, or if the Company does not provide such partners with suitable drug candidates for development and/or commercialization, the Company's ability to develop and commercialize its existing or future drug candidates could be delayed and its costs of development and commercialization could increase.

The Company's dependence on collaborative arrangements with experienced partners subjects it to a number of risks, including the following:

- the Company may not be able to control the amount or timing of resources that its collaborative partners devote to its drug candidates;
- the Company may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- the Company may not receive any future milestone payments or royalties if a collaborator fails to develop or commercialize one of its drug candidates;
- a collaborator may develop a competing drug candidate either by itself or in collaboration with others, including one or more of the Company's competitors;
- the Company's collaborators' willingness or ability to complete its obligations under the Company's collaboration arrangements may be adversely affected by business combinations or significant changes in a collaborator's business strategy; and/or
- the Company may experience delays in, or increases in the costs of, the development of the Company's drug candidates due to the termination or expiration of collaborative research and development arrangements.

If any of these risks were to materialize, the Company's ability to develop and commercialize one or more of its drug candidates could be impaired and its results of operations, financial condition and cash flows could be adversely affected.

The Company's patents and other intellectual property rights may not adequately protect its products and product candidates, which may impede the Company's ability to compete effectively.

The success of the Company depends in part on its ability and that of its collaborators to obtain, maintain and enforce patent protection in Europe, the United States and elsewhere for technologies and products, and to maintain other intellectual property rights. The Company directly holds more than 200 patents and patent applications and licenses the rights to other patents, including the Hamers Patents, the first of which expire in Europe in 2013 and in the United States from 2015 onwards. For more information see "12.11 Business—Intellectual Property". The patent positions of technology-based enterprises, including the Company and its collaborators, are subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and priority of a particular patent. Moreover, the Company may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their patents and other intellectual property. There can be no assurance that the Company will develop products that are patentable, that patents will be granted under pending or future applications, that patents will be of sufficient breadth to provide adequate protection against competitors with similar technologies or products, or that patents granted to the Company or its collaborators will not be successfully challenged. In particular, a European patent belonging to the "Hamers-I" Patents (which besides this one granted European patent further comprises 7 granted US patents, 5 pending US applications and 4 pending European applications) has been opposed before the European Patent Office and is currently the subject of opposition appeal proceedings, after the claims relating to Nanobodies from this patent were maintained in opposition proceedings. If the Company does not obtain patents in respect of its technologies or if its patents are cancelled (for example, as a result of the discovery of prior art), third parties may use the technologies without payment to the Company, if they possess the necessary know-how. A third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology.

Specifically, the first of the Hamers Patents, which family of patents describes the basic structure, composition, preparation and uses of Nanobodies, expires in Europe in 2013 and in the United States from 2015 onwards. The expiration of these patents would allow third parties to use such technologies to enter the market for Nanobody based therapeutics. However, the Company believes that the patents and patent applications covering specific technologies, targets and indications of a later date to which it has obtained rights and in the future would obtain rights, combined with the know-how developed by the Company, would allow the Company to continue to retain a significant competitive advantage in this market.

The Company has developed substantial know-how, which it seeks to protect through confidentiality agreements with its employees, consultants, advisers and existing and potential collaborators. However, there can be no assurance that obligations to maintain the confidentiality of the Company's or its collaborators' trade secrets or know-how will not be breached, would be enforced by courts or that such

trade secrets or know-how will not otherwise become known in circumstances in which the Company has no practical means of redress.

The Company cannot guarantee that it will be successful in preventing the misappropriation of its patents, trade secrets, know-how and other intellectual property rights and those of its licensors, and failure to do so could significantly impair the ability of the Company to effectively compete.

The Company may infringe the patents or other intellectual property rights of others and may face patent or other intellectual property litigation which may be costly and time consuming.

Ablynx has an extensive patent position in the field of Nanobodies for healthcare applications. The Company has exclusive and worldwide rights to more than 50 families of granted patents and pending patent applications, including the Hamers patents. As a result of these exclusive patent rights, Ablynx is the only company in the world that has the intellectual property rights required for the commercialization of healthcare products based on Nanobodies. For a description of the Company's intellectual property, see "12.11 Business—Intellectual Property".

Nevertheless, the Company's success will depend in part on its ability to operate without infringing or misappropriating the proprietary rights of others. As the biotechnology industry expands and more patents are granted, the risk increases that any technology or product developed by the Company may give rise to third party claims of patent infringement. The Company may expend significant time and effort and may incur substantial costs if required to defend such claims or to assert its proprietary rights against third parties.

There can be no assurance that the Company's efforts to search for existing proprietary rights before embarking a research and development program with respect to a particular technology or product will uncover all relevant third party rights relating to such technology or product (for example, half-life extension, phage display or expression systems). As a result, competitors of the Company may have received or may in the future receive patents in respect of technologies or products similar to or competitive with those of the Company. If this occurs, the Company may have to obtain appropriate licenses under such patents or cease and/or alter certain of its activities or processes, initiate proceedings to have these patents revoked or declared invalid, or develop or otherwise obtain alternative technology. The Company's inability to secure such licenses on commercially reasonable terms, or at all, or to develop or otherwise obtain alternative technology may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Company believes that due to the differences in structure between Nanobody constructs and conventional antibodies, the production of Nanobody constructs does not fall within the scope of some of the well-known intellectual property on the production of conventional antibodies, such as the so-called "Boss" patents and "Cabilly" patents.

Ablynx has performed a freedom to operate analysis with respect to its most advanced program, which focuses on Nanobodies against vWF and on the Nanobody lead compound ALX-0081. As a result, it has identified one granted European and US patent owned by Ajinomoto that contains claims that relate to a mAb against vWF. However, the Company believes that, because of its structure/format and properties, ALX-0081 does not constitute a mAb as defined in the claims of this third party patent.

However, there can be no assurance that such patents could not be interpreted by the courts to cover the production of Nanobody constructs, respectively, the use of ALX-0081 or Nanobodies against vWF. If this occurs, the Company may have to obtain appropriate licenses under such patents or cease and/or alter certain of its activities or processes, initiate proceedings to have these patents revoked or declared invalid or develop or otherwise obtain alternative technologies. The Company's inability to secure such licenses on commercially reasonable terms, if at all, or to develop or otherwise obtain alternative technologies may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Company faces, and will continue to face, significant competition and rapid technological change which could limit or eliminate the market opportunity for its products and product candidates.

The market for pharmaceutical products is highly competitive. The Company's competitors include many established pharmaceutical, biotechnology and chemical companies, universities and other research institutions, many of which have substantially greater financial, research and development, sales, marketing and personnel resources than the Company and significantly more experience in developing, manufacturing, marketing and supporting new technologies and products. The fields in which the Company operates are characterized by rapid technological change and innovation. There can be no

assurance that competitors of the Company are not currently developing, or will not in the future develop, technologies and products that are equally or more effective, that have better side-effect profiles and/or are more economical as any current or future technology or product of the Company. Competing drugs may gain faster or greater market acceptance than the Company's drugs and medical advances or rapid technological development by competitors may result in the Company's drug candidates becoming non-competitive or obsolete before the Company is able to recover its research and development and commercialization expenses. If the Company or its drug candidates do not compete effectively, the Company's business would be materially adversely affected.

The Company's main competitors can (broadly) be classified, on the basis of the technology used, into three main categories: antibody fragment-based technologies, technologies based on antibodies with optimized Fc regions and alternative scaffold-based immunotherapies.

Technologies based on antibodies with optimized Fc regions are employed by, among others, Biowa, Biolex Therapeutics, Xencor and Macrogenics. These technologies retain the basic structure (and therefore size) of the original antibody, and therefore are faced with many of the same problems as traditional antibody-based therapeutics.

Alternative scaffold-based therapeutics are developed by, amongst others, Avidia (acquired by Amgen), Adnexus (acquired by Bristol-Myers Squibb), Affibody, Molecular Partners, Amunix and Pieris (using protein based scaffolds) and Archemix (using oligonucleotides (components of DNA)). These scaffold-based therapeutics offer opportunities to develop either therapeutics with a profile comparable to that of traditional antibodies, or therapeutics that combine certain advantages of antibodies and small molecule drugs and even include certain additional beneficial properties. Certain of these technologies, while they are relatively new, therefore have the potential to compete directly against the Company's technology.

Antibody fragment-based technologies represent, out of the technological competitive landscape, the closest analogue to the Company's Nanobody technology in terms of size, structure and (potential) beneficial properties. Companies developing technologies in this field include Domantis (acquired by GSK), Haptogen (acquired by Wyeth) and (possibly, based on public information) Trubion.

The Company relies on outsourcing arrangements.

The Company relies on outsourcing arrangements for some of its activities, including manufacturing, data collection and analysis. While the Company seeks to outsource activities only to reputable firms with relevant specialist expertise, it may have no or limited control over these third parties and the Company cannot guarantee that they will perform their obligations in an effective and timely manner. Any failure by such third parties to meet their obligations could have a material adverse effect on Ablynx's business.

The Company may not have adequate insurance cover in particular in connection with product liability risk.

The Company is exposed to potential product liability claims that are inherent in clinical testing and could potentially be exposed to potential product liability claims relating to the sale and marketing of drugs and drug candidates. The Company faces risk of substantial liability for damages if its drugs or drug candidates were to cause adverse side effects in clinical studies or once they are on the market. The Company may not be able to accurately predict the possible side effects that may result from use of its drugs or drug candidates.

As the Company does not yet have a commercialized product, it only maintains product liability insurance for its clinical trials. In the future, the Company will maintain additional product liability insurance when it is economical to do so, given the level of premiums and the risk and magnitude of potential liability. If, on this basis, it is determined that product liability insurance is necessary in respect of one or more of the Company's products, the Company, like its competitors, may have difficulties to obtain full liability coverage, as insurance coverage in the pharmaceutical industry is becoming more expensive. Hence, the Company might have to face liabilities for a claim that may not be covered by its insurance or its liabilities could exceed the limits of its insurance, which may harm the Company's financial position. Moreover, product liability claims may require significant financial and managerial resources, may cause harm to the Company's reputation if the market perceives its drug candidates to be unsafe or ineffective due to unforeseen side effects, and may limit or prevent the further development or commercialization of the Company's drug and drug candidates.

The commercial success of the Company's technologies will depend upon attaining significant market acceptance of its product candidates among physicians, patients, healthcare payers and the medical community.

To date, none of the Company's technologies have been commercialized. Even if the Company's product candidates are approved by the appropriate regulatory authorities for marketing and sale, physicians may not prescribe the Company's product candidates, which would prevent the Company from generating revenues or becoming profitable. Market acceptance of the Company's future product candidates by physicians, patients and healthcare payers will depend on a number of factors, many of which are beyond the Company's control, including:

- the clinical indications for which the product candidate is approved;
- acceptance by physicians, patients and healthcare payers of each product candidate as a safe and effective treatment;
- relative convenience, ease of administration and other perceived advantages over alternative treatments;
- prevalence and severity of adverse side effects;
- the cost of treatment in relation to alternative treatments;
- the extent to which the product candidate is approved for inclusion on formularies of hospitals and managed care organizations;
- whether the product candidate is designated under physician treatment guidelines as a first-line therapy, or as a second-line, or third-line therapy;
- the availability of adequate reimbursement by third parties, such as insurance companies and other healthcare payers; and
- limitations or warnings contained in a product candidate's approved labeling.

If the Company fails to attract and retain qualified personnel, it may be unable to successfully develop its technologies, conduct its clinical trials and commercialize product candidates.

The Company's success depends in part on its continued ability to attract, retain and motivate highly qualified clinical and scientific personnel and on its ability to develop and maintain important relationships with leading academic institutions, clinicians and scientists. In addition, the Company needs to hire additional personnel as it expands its clinical development activities. The Company may not be able to attract or retain qualified personnel on acceptable terms in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, it may experience constraints that will impede significantly the achievement of its research and development objectives, its ability to raise additional capital and its ability to implement its business strategy.

The Company may need substantial additional funding, which may not be available on acceptable terms when required, if at all.

The amount and timing of any expenditure needed to implement the Company's development and commercialization programs will depend on numerous factors, including the progress, costs and timing of its research and development activities, the costs and timing of obtaining regulatory approval, the costs of obtaining, maintaining and enforcing its patents and other intellectual property rights, the costs and timing of obtaining or maintaining manufacturing for its drugs and drug candidates, the costs and timing of establishing sales and marketing capabilities and the terms and timing of establishing collaborations, license agreements and other partnerships. Some of these factors are outside the Company's control. Assuming the current clinical program proceeds further to the next stage of clinical development and its pre-clinical program into clinical development, the Company does not expect its existing capital resources and the net proceeds from this Offering to be sufficient to enable the Company to fund the completion of all such clinical development programs through commercial introduction. Accordingly, the Company expects it will need to raise additional funds.

The Company may seek additional funding through collaboration agreements and public or private financings. Additional funding may not be available to the Company on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of the Company's security holders. For example, if the Company raises additional funds by issuing equity securities, further dilution to then existing security holders may result. If the Company is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs. The

Company also could be required to seek funds through arrangements with collaborators or others that may require the Company to relinquish rights to some of its technologies or product candidates which the Company would otherwise pursue on its own.

Outbreaks of diseases in llamas and other livestock diseases could have a material adverse effect on Ablynx's business.

The Company creates Nanobodies from B-cells isolated from the tissue taken from immunized llamas. Outbreaks of livestock diseases such as blue tongue disease could restrict the Company's ability to source and transport llamas which could adversely impact its operations. The Company currently sources llamas from two different vendors who stable the llamas in six different locations in Europe. An outbreak of livestock diseases may result in restrictions on the transportation of livestock within, to or from these locations. Any outbreak of a livestock disease could result in any of the following measures being imposed by the relevant European governmental authorities:

- restrictions on the movement and/or sale of the Company's llamas; and/or
- requirements for the Company to destroy one or more of its herds; and/or
- placing the Company's facilities in quarantine until the threat of disease spreading is eliminated.

The Company does not maintain insurance to cover the consequences of livestock disease, including those cited above. Generally, any losses resulting from any such disease should be covered by the Company's general liability insurance unless any of the exclusions set out in such policies (e.g. serious misconduct or damages arising as a consequence of BSE) would be applicable. Therefore, there can be no guarantee that any compensation will be available in the event of any livestock disease outbreak.

The use of animals in the Company's research and development as a result of legal and regulatory requirements could generate negative publicity for the Company and public expressions of concern with respect to the use of animals in general could result in greater governmental regulation. Any of these factors could delay or even prevent the successful development of potential products and may have an adverse effect on the Company's business.

The Company may become a passive foreign investment company, which could result in adverse US federal income tax consequences to US investors.

The Company believes that the Company is not a passive foreign investment company (a "PFIC") for US federal income tax purposes. However, because the Company's status as a PFIC must be determined annually and depends upon the nature of the Company's income, the composition and quarterly average value of the Company's assets and the market price of the shares, there is no assurance that the Company will not be a PFIC for the current taxable year or any future taxable year. If the Company were treated as a PFIC for any taxable year during which a US investor held the shares, certain adverse US federal tax consequences could apply to such US investor. Further information about the PFIC rules is set out in "19 Certain US federal income tax considerations—Passive foreign investment company."

1.2 Risks related to the Company's shares and the Offering

Lack of public market, fixing of Offer Price.

Prior to the Offering, there has been no public market for the Company's shares or the VVPR Strips in Belgium or elsewhere. The Offer Price will be determined by the Company in common agreement with the Joint Global Coordinators on the basis of a bookbuilding procedure in which only institutional investors can participate. There can be no assurance that the Offer Price will correspond to the market price of the shares following the Offering or that an active trading market for the shares will develop and continue after the Offering. A number of factors may significantly affect the market price of the shares including, the number of shares held by the public, changes in the operating results of the Company and its competitors, changes in the general conditions in the biotechnology and pharmaceutical industries and general economic and business conditions in the countries in which the Company operates. Furthermore, securities markets have experienced significant price and volume fluctuations in recent years. Such fluctuations in the future could have a material adverse effect on the market price of the shares regardless of the operating results or financial condition of the Company.

Shareholders will likely experience significant future dilution.

The dilution resulting from the exercise of outstanding Warrants could adversely affect the price of the shares and the VVPR Strips. The Company may decide to raise capital in the future through public or

private convertible debt or equity securities, or rights to acquire these securities, and exclude or limit the preferential subscription rights pertaining to the then outstanding securities. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the holders of its securities.

No minimum amount for the Offering.

The Company has the right to proceed with a capital increase in a reduced amount. No minimum amount has been set for the Offering. The actual number of Offered Shares subscribed for or sold will be confirmed in the Belgian financial press together with the Offer Price. Therefore, (i) only a reduced number of Offered Shares could be available for trade on the market which could limit the liquidity of the Company's shares, and (ii) the Company's financial means in view of the uses of proceeds as described in "7 *Use of Proceeds*" might be reduced. The Company might therefore reduce its level of investment or have to look for further external funding.

Significant shareholders.

Following the closure of the Offering and listing of its shares, the Company will have a number of significant shareholders (the "Significant Shareholders"). For an overview of the Company's current Significant Shareholders before and after closure of the Offering, reference is made to "9. Dilution".

Currently, the Company is not aware that any of its current shareholders have entered into a shareholders' agreement with respect to the exercise of their voting rights in the Company after the closure of the Offering. Nevertheless, to the extent that these shareholders were to combine their voting rights, they could have the ability to elect or dismiss directors, and, depending on how broadly the Company's other shares are held, take certain other shareholders' decisions that require, or require more than, 50% or 75% of the votes of the shareholders that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Alternatively, to the extent that these shareholders have insufficient votes to impose certain shareholders' resolutions, they could have the ability to block proposed shareholders' resolutions that require, or require more than, 50% or 75% of the votes of the shareholders that are present or represented at shareholders' meetings where such items are submitted to voting by the shareholders. Any such voting by these shareholders may not be in accordance with the interests of the Company or the other shareholders of the Company.

The market prices for securities of biotechnology companies in general have been highly volatile and may continue to be highly volatile in the future.

The following factors, in addition to other risk factors described in this Prospectus, may have a significant impact on the market price and volatility of the Company's shares:

- announcements of technological innovations or new commercial products or collaborations by the Company's competitors or the Company itself;
- developments concerning proprietary rights, including patents;
- public information regarding actual or potential results relating to products under development by the Company's competitors or the Company itself;
- regulatory and reimbursement developments in Europe, the US and other countries;
- litigation; or
- economic, monetary and other external factors.

Risk related to "as-if-and-when-issued-or-delivered" trading.

As of the Listing Date until the Closing Date, the shares and VVPR Strips will be listed and traded on Eurolist by Euronext Brussels on an "*as-if-and-when-issued-or-delivered*" basis. Investors that wish to enter into transactions in the shares prior to the Closing Date, whether such transactions are effected on Eurolist by Euronext Brussels or otherwise, should be aware that the Closing Date may not take place on 9 November 2007, or at all, if certain conditions or events are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels has indicated that it will annul all transactions effected in the shares and VVPR Strips if the Offered Shares and VVPR Strips are not issued and/or delivered on the envisaged Closing Date and that it cannot be held liable for any damage arising from the listing and trading on an "*as-if-and-when-issued-or-delivered*" basis as of the Listing Date until the Closing Date.

2 DISCLAIMERS AND NOTICES

2.1 Decision to invest

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. Investors should rely only on the information contained in this Prospectus. Neither the Company nor the Joint Global Coordinators have authorized any other person to provide investors with different information. If anyone provides different or inconsistent information, it should not be relied upon. The information appearing in this Prospectus should be assumed to be accurate as of the date on the front cover of this Prospectus only. The Company's business, financial condition, results of operations and the information set forth in this Prospectus may have changed since that date. In accordance with Belgian law, if a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Offered Shares and which arises or is noted between the time when the Prospectus is approved and the final closure of the Offering, or as the case may be, the time when trading on the relevant market begins, will be mentioned in a supplement to the Prospectus. Investors who have already agreed to purchase or subscribe for the Offered Shares before the supplement is published will have the right, exercisable within two Business Days after the publication of the supplement, to withdraw their acceptances. The supplement is subject to approval by the Belgian Banking, Finance and Insurance Commission (*Commissie voor het Bank-, Financie- en Assurantiewezen*, "CBFA"), in the same manner as the Prospectus and must be made public, in the same manner as the Prospectus.

The Joint Global Coordinators and their affiliates are acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their client or for providing advice in relation to the Offering.

None of the information in this Prospectus should be considered investment, legal or tax advice. Investors should consult their own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Offered Shares. Neither the Company nor the Joint Global Coordinators make any representation to any offeree or purchaser regarding the legality of an investment in the Offered Shares by such offeree or purchaser under applicable investment or similar laws.

3 CERTAIN RESTRICTIONS ON THE OFFERING AND THE DISTRIBUTION OF THIS PROSPECTUS

The distribution of this Prospectus and the offer and sale of the Offered Shares may be restricted by law in certain jurisdictions. Investors must inform themselves about, and observe, any such restrictions. See "16 Description of the share capital and corporate structure", "20 Underwriting agreement" and "21 Transfer restrictions" elsewhere in this Prospectus. Investors must comply with all applicable laws and regulations in force in any jurisdiction in which they purchase, offer or sell the Offered Shares or possess or distribute this Prospectus and must obtain any consent, approval or permission required for the purchase, offer or sale of the Offered Shares under the laws and regulations in force in any jurisdiction in which any purchase, offer or sale is made. Neither the Company nor the Joint Global Coordinators are making an offer to sell the Offered Shares or soliciting an offer to purchase any of the Offered Shares to any person in any jurisdiction where such an offer or solicitation is not permitted.

The Company and the Joint Global Coordinators reserve the right to reject any offer to purchase the Offered Shares in whole or in part and to sell to any prospective investor less than the full amount of the Offered Shares sought by such investor. See "5.3 Information on the Offering—Allocation Procedure—Allocation of the Offered Shares and VVPR Strips".

The Offered Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

3.1 Notice to United Kingdom investors

This Prospectus is only being distributed to and is only directed at:

- Persons who are outside the United Kingdom; or
- Qualified Investors who are:
  - investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or
  - high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order,

(such persons collectively being referred to as "relevant persons"). The Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offered Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

3.2 Notice to EEA investors

This Prospectus has been prepared on the basis that all offers of Offered Shares, other than offers contemplated in this Prospectus in Belgium once the Prospectus has been approved by the CBFA and published in accordance with the Prospectus Directive (2003/71/EC), as implemented in Belgium, will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer within the EEA of shares should only do so in circumstances in which no obligation arises for the Company or the Joint Global Coordinators to produce a prospectus for such offer. None of the Company or the Joint Global Coordinators has authorized or do authorize the making of any offer of the Offered Shares through any financial intermediary, other than offers made by the Joint Global Coordinators which constitute the final placement of Offered Shares or VVPR Strips contemplated herein.

Each person in a Member State of the EEA that has implemented the Prospectus Directive (each, a "Relevant Member State") other than the Company's employees, consultants and independent directors to whom an offering is made and, in the case of the first bullet point below, persons receiving offers contemplated in the Prospectus in the United Kingdom, who receives any communication in respect of, or who acquires any of the Offered Shares under, the offers contemplated in this Prospectus will be deemed

to have represented, warranted and agreed to and with the Joint Global Coordinators and the Company that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any Offered Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
  - the Offered Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to the offer or resale; or
  - where Offered Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offered Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer to the public" in relation to any Offered Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offered Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3.3 Notice to New Hampshire residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

See "21 Transfer Restrictions" for further details of restrictions affecting the Offered Shares.

3.4 Presentation of financial and other information

This Prospectus includes the audited financial statements of the Company as of and for the years ended 31 December 2006, 2005 and 2004. These financial statements have been prepared in accordance with Belgian GAAP, as required by Belgian Company law and have, on a voluntary basis, for purposes of transparency and comparability, been restated under IFRS, as adopted by the EU, which restatements have also been audited or, in the case of the interim condensed financial statements, reviewed by the Company's Statutory Auditor. The interim IFRS financial statements included herein have been reviewed by PricewaterhouseCoopers Bedrijfsrevisoren as described in its review report included with this Prospectus.

The financial statements prepared in accordance with IFRS, as adopted by the EU, have not been reconciled to US GAAP and this Prospectus does not attempt to identify any differences between IFRS and US GAAP. It is possible that the net effect of differences between the application of IFRS and US GAAP may be, individually or in the aggregate, material. If any such reconciliation were performed or an attempt were made to identify relevant differences between IFRS and US GAAP as they apply to the Company, particular financial statement items as presented under US GAAP could vary materially and adversely from the corresponding items as presented under IFRS.

In making an investment decision, potential investors must rely upon their own examination of the Company, the terms of the Offering and the financial information included in this Prospectus, and should consult their own professional advisors for an understanding of the differences between IFRS and US GAAP and how these differences might affect the financial information in this Prospectus.

The annual financial statements (as prepared under Belgian GAAP and as restated under IFRS) were audited by PricewaterhouseCoopers Bedrijfsrevisoren, independent auditors, located at Woluwedal 18, Belgium B-1932 Sint-Stevens-Woluwe, Belgium. Their report is set out under "23 Index to financial statements under IFRS and Belgian GAAP" contained elsewhere herein. The interim financial statements (as prepared under Belgian GAAP and as restated under IFRS) were reviewed by the auditors and their report thereon is set out under "23 Index to financial statements under IFRS and Belgian GAAP" contained elsewhere herein.

In making an investment decision, potential investors must rely upon their own examination of the Company, the terms of the Offering and the financial information included in this Prospectus, and should consult their own professional advisors for an understanding of the differences between IFRS and US GAAP and how these differences might affect the financial information in this Prospectus.

In this Prospectus, references to "Euro" or "€" are to the currency of the member states of the European Union ("EU") participating in the European Monetary Union and references to "US dollars" or "US$" are to the currency of the United States.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

On 12 October 2007 an Extraordinary General Shareholders' Meeting of Ablynx approved a two-for-one consolidation of the Company's shares, conditional upon the closing of the Offering (the "Share Consolidation"). Except where otherwise noted and for certain historical information, for ease of reference the number of shares reported in this Prospectus has been adjusted to reflect this consolidation.

3.5 Third party information

Information relating to markets and other industry data pertaining to the Company's business contained in this Prospectus has been obtained from internal surveys, industry sources and publicly available information. The main sources for industry information were industry publications such as those published by Datamonitor, Frost and Sullivan, and other publicly available sources. The Company accepts responsibility for having correctly reproduced information obtained from publications or public sources, and, so far as the Company is aware and has been able to ascertain from information published by those industry publications or public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified information obtained from industry and government sources. Certain other information in this Prospectus regarding the industry reflect the Company's best estimates based upon information obtained from trade and business organizations and associations and other contacts within the industry. Information from the Company's internal estimates and surveys has not been verified by any independent sources.

3.6 Limitation on enforcement of civil liabilities

With the exception of Edwin Moses and Eva-Lotta Allan, all of the members of the board of directors of the Company and other senior managers named in this Prospectus reside outside the United States and the United Kingdom. All or a substantial portion of their assets are located outside the United States and the United Kingdom. As a result, it may not be possible to:

- effect service of process within the United States or the United Kingdom upon any of the members of the management of the Company; or
- enforce, in the United States or the United Kingdom, court judgments obtained in courts of the United States or the United Kingdom, as the case may be, against the Company or any of the members of the management of the Company named in this Prospectus in any action, including actions under the civil liability provisions of federal securities laws of the United States.

It may be difficult to enforce actions brought in courts in jurisdictions located outside the United States or the United Kingdom or liabilities predicated upon US or UK securities laws.

3.7 Forward-looking statements

Certain statements in this Prospectus are not historical facts and are forward-looking statements. Forward-looking statements appear in various locations, including, without limitation, under the headings "Summary", "1 Risk Factors", "11 Management's discussion and analysis "and "12 Business". From time to time, the Company may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends the Company anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "1 Risk Factors", as well as those included elsewhere in this Prospectus. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws, rules or regulations. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

3.8 Available information

For so long as any of the shares of the Company are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or Section 15(d) of the US Securities Exchange Act of 1934 (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such shares or to any prospective purchaser of such shares designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act.

4 GENERAL INFORMATION AND INFORMATION CONCERNING RESPONSIBILITY FOR THE PROSPECTUS AND FOR AUDITING THE ACCOUNTS

4.1 Responsibility for the content of the Prospectus

The Company, having its registered offices at Technologiepark 4, B-9052 Zwijnaarde, Belgium, represented by its Board of Directors, assumes responsibility for the content of this Prospectus. The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to its knowledge, in accordance with the facts and contains no omission which would affect its import.

Neither of the Joint Global Coordinators, nor their affiliates nor any person acting on their behalf is responsible for, nor are they making any representation or warranty, express or implied, concerning the Company's future performance or the accuracy or completeness of this Prospectus.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Offered Shares in the Offering. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than a potential investor. It cannot be used except in connection with the Offering. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of Ablynx, of the market practices or of contracts entered into by Ablynx.

4.2 Statutory auditors

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, a civil company having the form of a co-operative company with limited liability ("*Burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid*") organized and existing under the laws of Belgium, with registered office at Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium, represented by Raf Vander Stichele BVBA, itself represented by Mr. Raf Vander Stichele, has been re-appointed as Statutory Auditor of Ablynx on 28 April 2005 for a term of three years ending immediately after the closing of the Shareholders Meeting to be held in 2008 that will have deliberated and resolved on the statutory financial statements for the financial year ended on 31 December 2007. PricewaterhouseCoopers Bedrijfsrevisoren BCVBA is a member of the Belgian Institute of Certified Auditors ("*Instituut der Bedrijfsrevisoren*") (membership number B00009).

The statutory financial statements of the Company as per 31 December 2004, 31 December 2005 and 31 December 2006, in each case for the financial years then ended, were prepared in accordance with generally accepted accounting principles in Belgium ("Belgian GAAP"). All of the annual statutory financial statements in accordance with Belgian GAAP have been audited by PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Raf Vander Stichele BVBA, itself represented by Mr. Raf Vander Stichele, who delivered unqualified opinions.

The financial statements of the Company as at 31 December 2004, 31 December 2005 and 31 December 2006 in each case for the financial years then ended and the interim financial statements of the Company as at 30 June 2006 and 30 June 2007, also have been restated in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS"). All of the annual financial statements in accordance with IFRS have been audited by PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Raf Vander Stichele BVBA, itself represented by Mr. Raf Vander Stichele, who delivered unqualified opinions. The interim financial statements in accordance with IFRS have been reviewed by PricewaterhouseCoopers Bedrijfsrevisoren BCVBA.

4.3 Approval of the Prospectus

On 12 October 2007, the CBFA approved the English version of this Prospectus for the purposes of the public offering in Belgium and the listing of the Company's shares and VVPR Strips on Eurolist by Euronext Brussels in accordance with Article 23 of the Belgian Act of 16 June 2006 on the public offerings of investment instruments and the admission of investment instruments to trading on a regulated market ("*Wet betreffende de openbare aanbiedingen van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*"). The CBFA's approval does not imply any judgment on the merits or the quality of the Offering, the Offered Shares, the VVPR Strips or the Company.

This Prospectus has only been prepared in Dutch and in English. The Company is responsible for verifying the consistency between the Dutch and the English versions of the Prospectus. In connection with the public offering in Belgium, both the English and Dutch versions of the Prospectus are legally binding. In connection with the public offering in Belgium, in case of inconsistencies between the various language versions, the English version shall prevail.

The Offering and this Prospectus have not been submitted for approval to any supervisory body or governmental authority outside Belgium.

4.4 Available information

Prospectus

The Prospectus is only available in Dutch and in English. The Prospectus will be made available to investors at no cost at the registered office of the Company, at Technologiepark 4, B-9052 Zwijnaarde, Belgium and can be obtained upon request from KBC Telecenter at +32 3 283 29 70. Subject to certain conditions, this Prospectus is also available, for information purposes only, on the internet at the following websites: *www.ablynx.com*, *www.kbcsecurities.be*, *www.kbc.be* and on the websites of Euronext.

Posting this Prospectus and the summary on the internet does not constitute an offer to sell or a solicitation of an offer to purchase, and there shall not be a sale of, any of the Offered Shares in the United States of America or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version may not be copied, made available or printed for distribution. Other information on the website of the Company or any other website does not form part of the Prospectus.

Company documents and other information

The Company must file its (amended and restated) articles of association and all other deeds that are to be published in the Annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Ghent (Belgium), where they are available to the public. A copy of the most recently restated articles of association and the Company's corporate governance charter is also available on the Company's website as of the Closing Date.

In accordance with Belgian law, the Company must prepare annual audited statutory financial statements. The statutory financial statements and the reports of the Board of Directors and of the Statutory Auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, the Company must publish summaries of its annual and semi-annual statutory financial statements, prepared under Belgian GAAP. In addition, the Company, on a voluntary basis will also provide such summaries as prepared under IFRS, as adopted by the EU. The Company in the context of its ongoing reporting requirements after the Offering intends to focus discussion on these financial statements prepared in accordance with IFRS as adopted by the EU and provide a description of the material differences between Belgian GAAP financial statements and IFRS financial statements for each reporting period. These summaries will generally be made publicly available in the financial press in Belgium in the form of a press release. Copies thereof will also be available on the Company's website.

The Company will also have to disclose price sensitive information, information about its shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of 31 March 2003 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (as amended from time to time) ("*Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereglementeerde markt*"), such information and documentation will be made available through press releases, the financial press in Belgium, the Company's website (provided that the conditions set forth in Article 14 of the Belgian Royal Decree of 31 March 2003 have been complied with), the communication channels of Euronext Brussels or a combination of these media.

In this respect, it should be noted that on the date of this Prospectus, the Belgian legislator has not yet implemented Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC ("*Richtlijn 2004/109/EG van het Europees Parlement en de Raad van 15 December 2004 betreffende de transparantievereisten die gelden voor informatie over uitgevende instellingen waarvan effecten tot de handel op*

een gereglementeerde markt zijn toegelaten en tot wijziging van Richtlijn 2001/34/EG"). The implementation of this Directive will have an effect on the Company's obligations in relation to the disclosure of periodic and ongoing information, in particular in relation to the disclosure of interim (quarterly) management statements and the disclosure of information about its shareholders' structure.

Pursuant to Article 65 of the Belgian Act of 16 June 2006 on the public offerings of investment instruments and the admission of investment instruments to trading on a regulated market, each year, at the latest 20 Business Days after the Company has made public its annual statutory financial statements, it will also make public a document containing all information or referring to all information which the Company has published or otherwise made available to the public in the preceding 12 months in the European Economic Area or in other countries pursuant to supra-national and national legislation relating to the rules governing securities, corporate law, the rules governing issuers and security markets. If such document refers to information which has been made public, it will indicate where such information may be obtained.

The Company's website address is *www.ablynx.com*.

5 INFORMATION ON THE OFFERING

The following table summarizes certain key dates in connection with the Offering. These are all anticipated dates, which are subject to any unforeseen circumstances and to early closure of the Offering Period.

Date	Event
20 October	Expected publication date of price range of the Offering and the maximum number of Offered Shares offered in the Offering
22 October	Expected start of Offering Period
5 November (T − 1) .	Expected closure of Offering Period
6 November (T)	Expected Allocation Date
7 November (T+1) . .	Expected publication date of Offer Price and results of the Offering
7 November (T+1) . .	Expected Listing Date (listing and start of trading)
9 November (T+3) . .	Expected Closing Date (payment, settlement and delivery)

5.1 Information related to the capital increase

At its meeting held on 12 October 2007, the Extraordinary Shareholders Meeting of the Company decided to increase the Company's share capital in cash through the issuance of the New Shares, subject to the completion of the Offering and admission to listing of the shares and VVPR Strips. At the same meeting, the Extraordinary Shareholders Meeting also decided to grant the Over-allotment Option to the Joint Global Coordinators to provide them with the right to subscribe for a number of new shares equal to the number of Additional Shares which have been over-allotted, in cash at the Offer Price.

The Over-allotment Option will be exercisable for a period of 30 calendar days from the Listing Date. The Over-allotment Option is issued for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any. The new shares to be issued upon exercise of the Over-allotment Option will have no separate VVPR Strips and have the same issuance price as the New Shares in the Offering.

On 12 October 2007, the Extraordinary Shareholders Meeting of the Company also decided to issue, subject to completion of the Offering, a number of new "personnel" warrants equal to a number of warrants giving right to subscribe for a number of shares corresponding to EUR 75,000 divided by the Offer Price, each with the right to subscribe for one new share of the Company, in cash at the Offer Price, to be granted (prior to listing of the Company's shares) to Messrs. Geert Cauwenbergh, Mats Pettersson and Remi Vermeiren, the independent directors of the Company.

The final issuance price (including share premium) of the New Shares and of the new shares issued upon the exercise of the Over-allotment Option or the new "personnel" warrants will be the Offer Price and will be determined by the Company, in common agreement with the Joint Global Coordinators based upon a book-building procedure, in which only institutional investors can participate. The number of New Shares to be issued in the Offering will be determined by dividing the amount of the capital increase by the Offer Price. All New Shares will be offered within the framework of the present Offering.

In connection with the issuance of the above shares the preferential subscription rights of the existing shareholders of the Company have been cancelled.

Whether or not the Offering is fully subscribed, the Joint Global Coordinators may proceed with over-allotments covered by the Over-allotment Option, with a view to stabilization after the start of trading. See also "5.5 Information on the Offering—Over-allotment and stabilization".

5.2 Terms and conditions of the Offering

Conditions and nature of the Offering

The Offering is comprised of (i) a public offering in Belgium to retail investors (including to the Company's employees, consultants and independent directors in Belgium), (ii) a private offering to the Company's employees, consultants and independent directors outside of Belgium and outside the United States in reliance on Regulation S under the Securities Acts, (iii) an offering to qualified institutional buyers in the United States as defined in and in accordance with Rule 144A of the Securities Act and (iv) an offering to qualified and institutional investors in Belgium and elsewhere outside the United States in reliance on Regulation S under the Securities Act.

The capital increase consists of shares coupons no.1 and following attached, for a maximum amount of up to €75 million. However, depending on the volume of demand, this amount may be increased by up to 15 per cent., to an amount of €86.25 million (the "Increase Option", the new shares initially offered and the shares offered as a result of the possible exercise of the Increase Option jointly being referred to as the "New Shares"). Any decision to exercise the Increase Option will be announced at the latest on the date the Offer Price is announced, which is currently expected to be on or about 7 November 2007.

BI has committed to subscribe for €15 million in New Shares at the Offer Price. This subscription will be subject to a guaranteed allocation within the institutional tranche of the Offering.

All New Shares offered will benefit from the right, for certain holders, to reduced Belgian withholding tax, known as "*Verminderde Voorheffing/Précompte Réduit"* or "*VVPR*". A separate VVPR Strip will represent this right. Each New Share will have one VVPR Strip, which will be separately listed. For further information about certain applicable taxes, see "18 Taxation in Belgium" and "19 Certain US federal income tax considerations".

The Joint Global Coordinators will be granted an Over-allotment Option, exercisable as of the Listing Date and until 30 days thereafter to subscribe for new shares at the final Offer Price for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments of Additional Shares, if any.

It is expected that no less than 10% of the Offered Shares effectively allocated will be allocated to retail investors in Belgium (subject to sufficient retail demand). However, the proportion of Offered Shares allocated to retail investors may be increased and possibly substantially, if applications received from them exceed 10% of the Offered Shares effectively allocated. Within the retail tranche, up to a value of €300,000 of Offered Shares will be reserved for allocation to the Company's employees, consultants and independent directors on a preferential basis.

For the purpose of the above paragraph, a retail investor shall mean, (i) an individual person resident in Belgium, or a member of the Company's staff to whom a private offer to apply for shares is made by the Company or (ii) the legal entities in Belgium that apply for shares in an amount of €250,000 or less.

In allocating the Offered Shares, reasonable efforts will be used to ensure that New Shares (with VVPR Strips) are delivered to individual persons resident in Belgium and to investors subject to Belgian tax on legal entities ("*rechtspersonenbelasting*"), in this order of priority.

The Offer Price will be the same for institutional and retail investors. See also the subsection entitled "*Offer Price*" below.

The Company has the right to proceed with a capital increase in a reduced amount. The actual number of Offered Shares subscribed for or sold will be confirmed in the Belgian financial press together with the Offer Price. No minimum amount has been set for the Offering.

The Offering is subject to: (i) the Board of Directors concluding that the quantity and quality of the subscription received is such that the Offering can be closed in the interest of the Company, and (ii) the Company and the Joint Global Coordinators reaching a final agreement on the terms of the Underwriting Agreement. For more information see "20 Underwriting Agreement".

Offer Price

The Offer Price will be a single price in Euros that will apply to all investors, whether retail or institutional.

The Offer Price will be determined by the Company in common agreement with the Joint Global Coordinators on the basis of a book-building procedure during the Offering Period, in which only institutional investors can participate, and taking into account various relevant qualitative and quantitative elements, including but not limited to, the number of shares requested, the size of orders received, the quality of the investors submitting such orders and the prices at which the orders were made, as well as the market conditions at that time. The applicable Offer Price will in no event exceed the upper-end of the price range.

The applicable price range will be published in the Belgian financial press on or about 20 October 2007. The Offer Price will be determined as soon as possible after the end of the Offering Period on the Allocation Date, which is expected to take place on 6 November 2007 and will be published in the Belgian financial press on the first publishing day following its determination, which is expected to be 7 November 2007. Both dates are subject to early closure of the Offering Period.

Retail investors in Belgium can only acquire the Offered Shares at the Offer Price and are legally bound to purchase the number of shares indicated in their share application at the Offer Price.

Offering Period

The Offering Period will begin on 22 October 2007 and is expected to close at 4.00 p.m. Brussels time on 5 November 2007, unless it is closed earlier provided that the Offering Period will in any event be open until at least six Business Days as from the availability of the Prospectus. Any early closure of the Offering Period will be announced in the Belgian financial press, and the dates for pricing, allocation, listing and closure of the Offering will be adjusted accordingly. The Offering Period for retail and institutional investors will be the same. In the event the Offering Period is extended, this will be published as an addendum to the Prospectus in the Belgian financial press.

Prospective investors can submit their orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible.

5.3 Application procedure

General

Share applications may be submitted at the counter of the Underwriters and KBC Bank at no cost to the investor. Applications are not binding upon the Company or the Underwriters as long as they have not been accepted in accordance with the allocation rules as described below in the section "*Allocation of the Offered Shares and VVPR Strips*".

Investors wishing to apply for the Offered Shares through intermediaries other than the Underwriters and KBC Bank should request details of the costs which these intermediaries may charge and which they will have to pay themselves.

To be valid, share applications must be submitted, at the latest, by 4.00 p.m. Brussels time on the final day of the Offering Period, unless the Offering Period is closed earlier.

Retail investors

Retail investors must indicate on their orders the number of Offered Shares they are committing to acquire. Only one application per retail investor will be accepted. If the Underwriters and KBC Bank determine, or have reason to believe, that a single retail investor has submitted several orders, through one or more intermediaries, they may disregard such orders. There is no minimum or maximum amount that may be subscribed for in one order.

Retail investors are invited to submit their orders as soon as possible in Belgium, at the counters of the Underwriters and KBC Bank or, at their own cost, at the counters of any other financial intermediary in Belgium.

Only in the event that an addendum to the Prospectus is published prior to the Listing Date, shall the retail investors have the right to withdraw their applications made prior to the publication of the addendum within the time limits set forth in the addendum (which shall not be shorter than two Business Days after publication of the addendum).

Institutional investors

Institutional investors must indicate on their orders the number of Offered Shares they are committing to acquire, and the prices at which they are making such orders during the book building period.

Only institutional investors can participate in the book-building procedure during the Offering Period, unless closed early.

Institutional investors are invited to introduce their orders as soon as possible with the Underwriters.

Allocation of the Offered Shares and VVPR Strips

The exact number of Offered Shares allotted to the investors will be determined at the end of the Offering Period by the Company in common agreement with the Joint Global Coordinators on the basis of the respective demand of both retail and institutional investors and on the quantitative and, for institutional

investors only, the qualitative analysis of the order book, and taking into account the expected 10% retail tranche and 90% institutional tranche in the Offering (subject to claw back as described above) described in the section "*Conditions and nature of the Offering*" above, but without prejudice to the rules set forth below.

In case of over-subscription of the Offered Shares reserved for retail investors, the allocation to retail investors will be made on the basis of objective allocation criteria (such as the use of a relative or absolute number of Offered Shares with respect to each subscription) and preferential treatment may be given to subscriptions submitted via the Underwriters and KBC Bank. This preferential treatment could lead to no shares being allocated to investors who submitted their orders through intermediaries other than the Underwriters and KBC Bank. The allocation of Offered Shares among institutional investors will take into account the qualitative analysis of the order book.

The results of the Offering, the allocation key for the retail investors and the Offer Price will be published in the Belgian financial press, which is expected to occur on or about 7 November 2007, subject to any early closing of the Offering Period.

The acquisition of Additional Shares will, unless an exemption applies, give rise to a tax on stock exchange transactions ("*taks op de beursverrichtingen*") at a rate of 0.17% per transaction and per party, subject to a cap of €500 per transaction and per party. The subscription for New Shares will not give rise to a tax on stock exchange transactions. See also "18 Taxation in Belgium".

In allocating the Offered Shares, reasonable efforts will be used to deliver the New Shares (with VVPR Strips) to individual investors resident in Belgium and to investors subject to Belgian tax on legal entities, in this order of priority. Should the total number of shares allocated to retail investors exceed the number of New Shares (with VVPR Strips) effectively allocated in the Offering, then the New Shares (with VVPR Strips) will be allocated among the retail investors on a pro rata basis.

VVPR Strips

The New Shares will be issued together with VVPR Strips, which entitle certain holders to a reduced rate of Belgian withholding tax on dividends. See also "18 Taxation in Belgium".

VVPR Strips will be separately tradable on Eurolist by Euronext Brussels from the Listing Date, and investors who do not receive VVPR Strips in the Offering may be able to purchase such instruments on Eurolist by Euronext Brussels.

Except for the reasonable efforts to be used regarding the allocation of VVPR Strips, all investors may receive either New Shares or Additional Shares (which are existing shares) or a combination of both. While it is expected that retail investors will be allotted only New Shares with a separate VVPR Strip, neither the Company nor the Underwriters will have any liability to investors in connection with the allocation of shares, with or without a separate VVPR Strip. See "18 Taxation in Belgium".

Payment, settlement and delivery of the Offered Shares and VVPR Strips

The Offer Price must be paid up in full, in Euro, together with any applicable stock exchange tax. For further information about applicable taxes, see "18 Taxation in Belgium" and "19 Certain US federal income tax considerations".

The payment date is set at three Business Days after the Allocation Date (the "Payment Date") and is expected to occur on or about 9 November 2007 unless the Offering Period is closed earlier. The Offer Price must be paid by investors upon submission of the share applications or, alternatively, by authorizing their financial institutions to debit their bank account with such amount for value on the Payment Date.

It is expected that the Offered Shares and VVPR Strips will be delivered to the investors on or about 9 November 2007, which is also the Payment Date.

All Offered Shares and VVPR Strips will be delivered in book-entry form, represented by one or more global certificates, that will have been deposited with the book-entry facilities of Euroclear Belgium, the Belgian central securities depository. The Offered Shares and VVPR Strips will, after the closing of the Offering, be available in book-entry form only.

Form of the Offered Shares and VVPR Strips

All Offered Shares will have the same rights and benefits attached to them as the Company's other shares. For a further description of the Company's shares and the rights and benefits attached thereto, see "16 Description of share capital and corporate structure".

As described above, all Offered Shares and VVPR Strips will be delivered in book-entry form only, represented by one or more global certificates that will have been deposited with Euroclear Belgium for safe keeping on behalf of those persons entitled to the Offered Shares and VVPR Strips.

Therefore, upon delivery of the Offered Shares and VVPR Strips, the Offered Shares and VVPR Strips will be bearer instruments in book-entry form only. In view of the Belgian Act of 14 December 2005 on the cancellation of bearer securities ("*Wet houdende afschaffing van de effecten aan toonder*") pursuant to which it will no longer be possible after 31 December 2007 to deliver physical certificates of bearer instruments in book-entry form, the Company will seek to make available physical certificates of the Offered Shares and VVPR Strips prior to 1 January 2008, if explicitly requested by an investor. Investors are advised, however, that, for practical reasons, it is unlikely that such physical certificates of the Offered Shares and VVPR Strips will be made available prior to 1 January 2008.

Shareholders requesting the physical delivery of bearer shares and VVPR Strips should take into account delivery costs amounting to €10 (+VAT) for delivery at the counters of KBC Bank. In addition, any direct or indirect costs for printing the bearer shares and VVPR Strips shall be charged to the shareholders requesting physical delivery *pro rata* to the number of Offered Shares and VVPR Strips they requested to be delivered physically. Shareholders are requested to inquire about any additional or different costs which other financial institutions may charge and which shareholders will have to bear themselves. In addition, on the existing shares, a tax on the physical delivery of bearer shares equal to 0.6% of the purchase price will be due, see also "*18.4 Tax on the Physical Delivery of Bearer Securities*".

For investors who choose to have their shares registered, the shares will be recorded in the Company's share register. In view of the Belgian Act of 14 December 2005 on the cancellation of bearer securities, until 31 December 2007, holders of registered shares may request that their registered shares be converted into bearer shares and *vice versa*. After 31 December 2007, such conversion into bearer shares is no longer permitted by law and holders of registered shares may only request that their registered shares be converted into dematerialized shares and *vice versa*. Holders of bearer shares delivered in physical form prior to 1 January 2008 may request that their bearer shares be converted into registered shares or dematerialized shares. In any event, in accordance with the Belgian Act of 14 December 2005 on the cancellation of bearer securities, all securities held on securities accounts for which the physical delivery in bearer form has not been requested and obtained prior to 1 January 2008, will be converted automatically in dematerialized securities as from 1 January 2008. Bearer securities that are credited to a securities account after 31 December 2007 are also converted automatically in dematerialized securities as from the moment that they are credited to such securities account.

All shares for which the physical delivery in bearer form has been requested and obtained by 31 December 2007 at the latest, can remain in bearer form until 31 December 2013 at the latest, at which time they will be converted into dematerialized shares or registered shares, at the choice of the holder.

Any costs incurred in connection with the conversion of shares into another form will be borne by the shareholder.

All of the Offered Shares will be fully paid up upon their delivery, and freely transferable, subject to what is set forth under the sections "5.10 *Information on the Offering—Lock-up and standstill arrangements*" and "21 Transfer Restrictions".

5.4 Listing and first trading

An application has been made for the listing and admission to trading on Eurolist by Euronext Brussels of all existing and new shares of the Company, including all shares issued upon the exercise of the Over-allotment Option and Warrants. The shares are expected to be listed under the symbol "ABLX" and international code number BE0003877942.

An application has also been made for the listing and admission to trading of the VVPR Strips of the Company on Eurolist by Euronext Brussels. The VVPR Strips are expected to be listed under the symbol "ABLXS" and international code number BE0005620910.

Trading is expected to commence on or about 7 November 2007 unless early closure of the Offering Period occurs, being the first Business Day following the Allocation Date, but at the latest on the Closing Date when the Offered Shares and VVPR Strips are delivered to the investors. See also "*20 Underwriting Agreement*".

As of the Listing Date until the Closing Date and delivery of the Offered Shares and VVPR Strips, the shares and VVPR Strips will be traded on Eurolist by Euronext Brussels on an "*as-if-and-when-issued-or-delivered*" basis. Investors that wish to enter into transactions in shares or VVPR Strips of the Company prior to the Closing Date, whether such transactions are effected on Eurolist by Euronext Brussels or otherwise, should be aware that the delivery of the Offered Shares and VVPR Strips may not take place on the expected Closing Date, or at all, if certain conditions or events referred to in the underwriting agreement are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels has indicated that it will annul all transactions effected in the shares and VVPR Strips of the Company if the Offered Shares and VVPR Strips are not delivered on the Closing Date.

Prior to the listing of the shares, no public market existed for the shares and VVPR Strips issued by the Company.

5.5 Over-allotment and stabilization

In connection with the Offering, the Joint Global Coordinators may, as of the Listing Date and until 30 days thereafter (the "Stabilization Period") effect transactions that stabilize or maintain the market price of the Company's shares at levels above those that might otherwise prevail in the open market. For this purpose, KBC Securities NV will act as stabilization agent for the Joint Global Coordinators. Such transactions, if any, will be performed in compliance with the applicable laws and regulations, including Chapter III of Commission Regulation (EC) No 2273/2003, and may be effected on Eurolist by Euronext Brussels, on the over-the-counter market or otherwise. There is no assurance that such stabilization will be undertaken and, if it is, it may be discontinued at any time and will, in any event, be discontinued 30 days after the Listing Date.

If the Joint Global Coordinators create a short position in the shares in connection with the Offering (i.e. over-allot Additional Shares), they may reduce that short position by purchasing shares or, as referred to below, by exercising all or part of the Over-allotment Option. Purchases of shares to stabilize the trading price or to reduce a short position may cause the price of the shares to be higher than it might be in the absence of such purchases. Neither the Company or the Joint Global Coordinators makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the shares.

The stabilization, if any, will not occur at a price higher than the Offer Price.

Within five Business Days of the end of the Stabilization Period, the following information will be published on the website of the Company in accordance with Article 5, § 2 of the Royal Decree of 17 May 2007 on primary markets practices, (i) whether or not stabilization was undertaken, (ii) the date at which stabilization started, (iii) the date on which stabilization last occurred, (iv) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out and (v) the final size of the Offering, including the result of the stabilization and the exercise of the Over-allotment Option, if any.

The Joint Global Coordinators may elect to reduce any short position by exercising all or part of the Over-allotment Option granted to it. This Over-allotment Option will be exercisable as of the Listing Date and until 30 calendar days thereafter. The Over-allotment Option consists of an option to subscribe for new shares granted to the Joint Global Coordinators (see below) that will be exercisable only to cover over-allotments of Additional Shares, if any.

The possibility to over-allot shares in the Offering and to exercise the Over-Allotment Option will exist whether or not the Offering is fully subscribed.

The Over-allotment Option will apply to an aggregate number of new shares equal to up to a maximum of 15% of the New Shares subscribed for in the Offering.

The Company has granted the Joint Global Coordinators an over-allotment warrant which allows the latter to subscribe for new shares equal to up to a maximum of an additional 15% of the number of New Shares subscribed for in the Offering at the Offer Price. These new shares will not have a separate VVPR Strip.

In order to cover any over-allotments prior to the exercise of the Over-allotment Option, it is expected that the Joint Global Coordinators will enter into a stock lending agreement with existing shareholders. These Additional Shares which may be allocated to investors are existing shares and will not have a separate VVPR Strip.

5.6 Interest of natural and legal persons involved in the Offering

KBC Securities NV is one of the Joint Global Coordinators, and one of the Underwriters in the Offering. KBC Bank NV is the Selling Agent in the Offering. KBC Securities NV and KBC Bank NV are affiliated companies (as defined in Article 11 of the Belgian Company Code) of KBC Private Equity NV and KBC Private Equity Fund Biotech NV. KBC Private Equity NV and KBC Private Equity Fund Biotech NV hold 1,750,000 shares in the Company, representing 7.3% of all of the existing shares in the Company prior to the Closing Date (see "9 Dilution"). The shares held by KBC Private Equity NV and KBC Private Equity Biotech Fund NV will, as of closure of the Offering and listing of the shares, be subject to the lock-up arrangement, discussed in the section "5.10 Information on the Offering—Lock-up and standstill arrangements".

5.7 Intentions of the shareholders

To the extent known to the Company, no existing shareholders or members of the Company's management, supervisory or administrative bodies have indicated that they intend to subscribe for certain of the Offered Shares in the Offering. Subject to the lock-up and standstill arrangements described below, the existing shareholders have not indicated to the Company their intentions after the Offering.

5.8 Costs and remuneration of intermediaries

The aggregate costs of the Offering are estimated to be approximately 4.1% of the gross proceeds of the Offering (assuming the Increase Option and the Over-allotment Option are exercised in full). These costs include legal, consulting, administrative, audit and other costs (€1,015,000), remuneration of the Belgian Banking, Finance and Insurance Commission (€15,690), legal publications, printing of this Prospectus (€100,000), cost of advisors, management, underwriting and selling fees (2.8% or €2,806,875, not including a size fee of 1% and discretionary fee of up to 2%) and the fees payable to Euronext Brussels (€171,799).

All costs will be borne by the Company.

5.9 Financial service

The financial service for the shares of the Company will be provided in Belgium by KBC Bank NV.

Should the Company alter its policy in this matter, this will be announced in accordance with applicable law.

5.10 Lock-up and standstill arrangements

The number of shares available for sale in the public market following the admission to listing of the Company's shares will be limited by several transfer restrictions. These are summarized below.

The members of the Company's Executive Committee (see "14 Management and governance—Executive Management—The Executive Committee"), the Company's current shareholders and BI are expected to enter into a lock-up arrangement with the Joint Global Coordinators for a period of twelve calendar months from the Allocation Date. These lock-up arrangements do not apply to staff members of the Company (other than members of the Company's Executive Committee), and the three non-executive directors. Furthermore, certain shareholders together holding 81,250 shares are not bound by the contractual lock up but are subject to the statutory lock up provision contained in the Royal Decree dated 17 May 2007 on primary market practices.

Pursuant to the lock-up arrangement with the Joint Global Coordinators, none of the existing shares and Warrants held by such persons (as well as any shares, warrants or other securities, financial instruments or contractual rights that give a right to acquire shares, acquired by such persons during the period starting on the Allocation Date and ending twelve calendar months thereafter, e.g. upon exercise of existing Warrants) may be transferred during the period starting on the Allocation Date and ending twelve calendar months thereafter, except with the prior consent of the Joint Global Coordinators. However, this restriction shall not apply to (i) the existing shares borrowed under the stock lending agreement, (ii) any existing shares

which are subject to stock lending for liquidity provider arrangements (if any), (iii) transfers to legal successors or other transferees in case of death of a natural person or in case of liquidation, concursus, merger, de-merger or other corporate restructuring of a legal person (provided, however, that the legal successor or transferee of such person assumes the relevant transfer restriction obligations), (iv) intra-group transfers (provided, however, that the transferee assumes the relevant transfer restriction obligations), (v) private and bilateral transfers by the persons subject to the lock-up arrangements (other than the members of executive management and BI) to a third party (provided, however, that the transferee assumes the relevant transfer restriction obligations), including any transfer among the persons subject to the lock-up arrangements (other than the members of executive management and BI) and any transfer among such persons and affiliates of other such persons (provided, however, that the transferee assumes the relevant transfer restriction obligations), (vi) acceptance of a tender offer or merger proposal, (vii) Offered Shares acquired by the persons subject to the lock-up arrangements (other than the members of executive management and BI) in the Offering or any Shares subscribed for or acquired by such persons after the Offering (unless, in the latter case, the relevant transfer restriction obligations had been assumed upon such acquisition), (viii) an order from a court or as otherwise mandatorily required under applicable law or, (ix) any exercise or transfer of warrants or shares in the context of an event of accelerated vesting under existing or new stock option plans.

Upon expiry of a six month period following the Allocation Date, the restriction also does not apply to a co-ordinated sale of shares by the persons subject to the lock-up arrangements (other than the members of executive management and BI), that is initiated by such shareholders and to which the Joint Global Coordinators consent, which consent cannot unreasonably be withheld, and for which the Joint Global Coordinators will act as bookrunners.

Apart from the foregoing restrictions, the Company agreed with the Joint Global Coordinators that during a term ending 12 calendar months after the Allocation Date it shall not, except with the prior consent of the Joint Global Coordinators, which shall not be unreasonably withheld, issue (or announce the issue) of any new shares, warrants or other securities, financial instruments or contractual rights that give a right to acquire shares or enter into any contract (including derivative transactions) or commitment with similar effects, except for the issue of the New Shares, the issue of the Over-allotment Warrant, the issue of new shares following any exercise of the Over-allotment Warrant, the issue of new shares following the exercise of existing Warrants, the issue of the warrants issued at the time of the Offering for the benefit of the independent directors (and the issue of new shares following the exercise of such warrants), any issue in the context of a merger, de-merger, transfer of a universality or branch of activity or other corporate restructuring, acquisition, or strategic partnership (provided, in the case of such corporate restructuring, acquisition or strategic partnership, that any shares issued do not represent more than 10% of the Company's capital, and that the acquirer of the relevant securities accepts to be subject to the lock-up arrangements for the remaining period thereof).

6 DIVIDENDS AND DIVIDEND POLICY

6.1 Entitlement to dividends

The Offered Shares will be entitled to a share in the profits as of 1 January 2007 and are therefore entitled to dividends, if and when declared, for the financial year ended on 31 December 2007 and the following financial years.

6.2 Dividend policy

The Company has never declared or paid any dividends on its shares. Following this Offering, the Company's dividend policy will be determined by, and may change from time to time by determination of, the Company's Board of Directors. Any declaration of dividends will be based upon the Company's earnings, financial condition, capital requirements and other factors considered important by the Board of Directors. The calculation of amounts available to be distributed as dividends or otherwise distributed to shareholders must be made on the basis of the Belgian statutory financial statements, taking into account the limits set out by Article 617 of the Belgian Company Code.

Belgian law and the Company's articles of association do not require the Company to declare dividends. Currently, the Board of Directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the shareholders in the near future.

7 USE OF PROCEEDS

If the Offering is fully subscribed (including the Increase Option) the gross proceeds from the issue of New Shares are estimated to be approximately €86.25 million, or if the Joint Global Coordinators exercise their Over-allotment Option in full, approximately €99.19 million. For estimates on the costs and expenses of the Offering see "5.8 Information on the Offering—costs and remuneration of intermediaries". The principal purposes of this Offering are to obtain additional working capital, establish a public market for the Company's shares and facilitate the Company's future access to public markets. The Company intends to use the net proceeds of the Offering (i.e. after commissions and offering expenses payable by the Company have been deducted) to:

- continue the clinical development of ALX-0081 for acute thrombosis and, potentially, other indications;
- advance and expand pre-clinical studies and initiate clinical development of additional Nanobody product candidates alone or with a partner;
- further develop its technology platform;
- gain access to new targets and technologies; and
- apply the remaining funds for general corporate purposes, such as general and administrative expenses, capital expenditures, working capital needs, the broadening, maintenance and defense of the Company's intellectual property, and the potential acquisition of, or investment in, technologies, products, or companies that complement its business.

As of the date of this Prospectus, the Company cannot predict with certainty all of the particular uses for the proceeds from this Offering, or the amounts that it will actually spend on the uses set forth above. The amounts and timing of the Company's actual expenditures will depend upon numerous factors, including the progress of its research, development, and commercialization efforts, the progress of its clinical trials, whether or not the Company enters into strategic collaborations or partnerships, and the Company's operating costs and expenditures. Accordingly, the Company's management will have significant flexibility in applying the net proceeds of this Offering.

The costs and timing of drug development and regulatory approval, particularly conducting clinical trials, are highly uncertain, are subject to substantial risks, and can often change. Accordingly, the Company may change the allocation of use of these proceeds as a result of contingencies such as the progress and results of its clinical trials and other research and development activities, the establishment of collaborations, the results of the Company's commercialization efforts, its manufacturing requirements and regulatory or competitive developments. In addition, assuming the current clinical program proceeds further to the next stage of clinical development, the Company does not expect its existing capital resources and the net proceeds from this Offering to be sufficient to enable the Company to fund the completion of all such clinical development programs through commercial introduction. Accordingly, the Company expects it will need to raise additional funds.

The Company may seek additional funding through collaboration agreements and public or private financings. Additional funding may not be available to the Company on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of the Company's security holders. For example, if the Company raises additional funds by issuing equity securities, further dilution to existing security holders may result. If the Company is unable to obtain funding on a timely basis, it may be required to significantly curtail one or more of its research or development programs. The Company also could be required to seek funds through arrangements with collaborators or others that may require the Company to relinquish rights to some of its technologies or product candidates which the Company would otherwise pursue on its own.

Pending use of the proceeds from this Offering as described above or otherwise, the Company intends to invest the net proceeds in short-term interest-bearing, investment grade securities.

8 CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the capitalization and indebtedness of the Company as at 30 June 2007.

The figures for capitalization and indebtedness have been extracted, without material adjustment, from the Company's unaudited reviewed interim financial statements prepared in accordance with IFRS, as adopted by the EU, for the period ended 30 June 2007.

This information should be read in conjunction with the Financial Statements and the related notes thereto.

Capitalization table

	As at 30 June	As at 31 December		
	2007	2006	2005	2004
		(€'000)		
Total Current debt	**188**	**178**	**—**	**—**
—Secured	146	137		
—Unsecured	42	41		
Total Non-Current debt	**71**	**154**	**—**	**—**
—Secured	7	68		
—Unsecured	64	86		
Shareholder's equity	**34,412**	**20,051**	**12,885**	**9,774**
—Share capital	44,554	24,416	17,661	5,161
—Share premium	26,535	26,530	13,425	13,425
—Share-based payments	1,157	780	241	50
—Retained earnings	(31,675)	(18,442)	(8,862)	(3,452)
—Result of the period	(6,159)	(13,233)	(9,580)	(5,410)
TOTAL	**34,671**	**20,383**	**12,885**	**9,774**
Cash and equivalents	38,599	25,799	11,745	8,187
Current financial debt	188	178		
Net Current Financial Indebtedness (Cash)	**(38,411)**	**(25,621)**	**(11,745)**	**(8,187)**
Non current financial indebtedness	71	154		
Net Financial Indebtedness (Cash)	**(38,340)**	**(25,467)**	**(11,745)**	**(8,187)**

In the framework of its global strategic alliance with BI of September 2007, the Company has received a payment of €15.3 million, resulting in a balance of €49.7 million in cash and equivalents at the beginning of October.

Except as described above, there has been no material change in total capitalization and indebtedness (including in respect of contingent liabilities and guarantees) of the Company since 30 June 2007.

On the date of this Prospectus, the Company is of the opinion that, taking into account its available cash and cash equivalents, it has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of the Prospectus.

9 DILUTION

Shareholders prior to the completion of the Offering and listing of the shares.

The table below provides an overview of the shareholders of the Company prior to the completion of the Offering and listing of the Company's shares. The overview must be read together with the notes referred to below.

	Number of Shares[1]	%	Warrants in number of shares[2]	%	Total number of shares and Warrants	%
A. Executive Management[3][4]						
Edwin Moses (CEO)	0	0%	587,500	28.10%	587,500	2.25%
Other members of the executive management	50,000	0.21%	625,000	29.90%	675,000	2.58%
Subtotal	**50,000**	**0.21%**	**1,212,500**	**58.00%**	**1,262,500**	**4.83%**
B. (Independent) Directors[3][4]						
Subtotal	**0**	**0%**	**0**	**0%**	**0**	**0%**
C. Institutional shareholders[3]						
Abingworth Bioventures IV, LP	3,784,861	15.75%	0	0%	3,784,861	14.48%
Abingworth Bioventures IV Executives, LP	32,447	0.13%	0	0%	32,447	0.12%
ACP IV, LP	3,135,583	13.04%	0	0%	3,135,583	12.00%
Adviesbeheer GIMV Life Sciences NV	512,247	2.13%	0	0%	512,247	1.96%
Biotech Fonds Vlaanderen	2,355,769	9.80%	0	0%	2,355,769	9.02%
GIMV NV	2,902,732	12.08%	0	0%	2,902,732	11.11%
Gilde Europe Food and Agribusiness Fund BV	2,538,915	10.56%	0	0%	2,538,915	9.72%
KBC Private Equity NV	1,375,000	5.72%	0	0%	1,375,000	5.26%
KBC Private Equity Fund Biotech NV	375,000	1.56%	0	0%	375,000	1.44%
Sofinnova Capital IV FCPR	4,927,831	20.50%	0	0%	4,927,831	18.86%
S.R. One	500,000	2.08%	0	0%	500,000	1.91%
VIB VZW	1,375,000	5.72%	0	0%	1,375,000	5.26%
Subtotal	23,815,385	99.08%	0	0%	23,815,385	91.14%
D. Others						
Personnel[5]	0	0%	579,750	27.73%	579,750	2.22%
Other[6]	171,968	0.71%	298,248	14.27%	470,216	1.80%
Subtotal	**171,968**	**0.71%**	**877,998**	**42.00%**	**1,049,966**	**4.02%**
Total (A)+(B)+(C)	**23,865,385**	**99.31%**	**1,212,500**	**58.00%**	**25,077,886**	**95.98%**
Total (A)+(B)+(C)+(D)	**24,037,353**	**100.00%**	**2,090,498**	**100%**	**26,127,851**	**100%**

(1) The number of existing shares takes into account the Share Consolidation.

(2) The number of shares for which the existing Warrants give a right to subscribe takes into account the modification of the exercise ratio of the existing Warrants (1 share for the exercise of 2 existing Warrants, whereby any odd number of Warrants held by a warrantholder shall cause the remaining single warrant to be disregarded in this table), resulting from the Share Consolidation, as referred to under the previous footnote. For an overview of all Warrants issued by the Company, reference is made to section "16.5 Description of Share capital and Corporate Structure—Warrants".

(3) Certain shareholders and holders of Warrants as referred to in this table have entered into separate arrangements as regards the non-transferability of their securities.

(4) For a detailed overview of the shares and warrants held by the members of the Board of Directors and by the members of the Executive Committee, reference is made to section "14.7 Management and governance—Shares and Warrants held by directors and executive management".

(5) "Personnel" includes the persons providing services to Ablynx on the basis of a consultancy agreement and who are not a member of the Executive Committee.

(6) "Other" includes former Ablynx personnel, former consultants and a former Board member.

Shareholders after completion of the Offering and listing of the shares.

The table below provides an overview of the shareholders of the Company after the completion of the Offering and listing of the Company's shares. The number of outstanding shares and Warrants after the completion of the Offering and listing of the shares assumes that the Increase Option has been fully exercised and the resulting Offering for an amount of €86.25 million has been fully subscribed, that the Over-allotment Option has been fully exercised and assuming an Offer Price of €10 per share.

The simulation is merely for information purposes only. The hypothetical offering price is no indication and does not express an expectation as to the final Offer Price of the Offered Shares. Prospective investors should note that the final Offer Price could be different from the hypothetical price set out in the overview below.

The overview must be read together with the notes referred to below.

	Number of Shares[1]	%	Warrants in number of shares[2]	%	Total number of shares and Warrants	%
A. Executive Management[3][4]						
Edwin Moses (CEO)	0	0.0%	587,500	28.0%	587,500	1.6%
Other members of the executive management	50,000	0.1%	625,000	29.8%	675,000	1.9%
Subtotal	**50,000**	**0.1%**	**1,212,500**	**57.8%**	**1,262,500**	**3.5%**
B. (Independent) Directors[3][4]						
Subtotal	**0**	**0.0%**	**7,500**	**0.4%**	**7,500**	**0.0%**
C. Institutional shareholders[3]						
Abingworth Bioventures IV, LP	3,784,861	11.1%	0	0.0%	3,784,861	10.5%
Abingworth Bioventures IV Executives, LP	32,447	0.1%	0	0.0%	32,447	0.1%
ACP IV, LP	3,135,583	9.2%	0	0.0%	3,135,583	8.7%
Adviesbeheer GIMV — Life Sciences NV	512,247	1.5%	0	0.0%	512,247	1.4%
Biotech Fonds Vlaanderen	2,355,769	6.9%	0	0.0%	2,355,769	6.5%
GIMV NV	2,902,732	8.5%	0	0.0%	2,902,732	8.1%
Gilde Europe Food and Agribusiness Fund BV	2,538,915	7.5%	0	0.0%	2,538,915	7.0%
KBC Private Equity NV	1,375,000	4.0%	0	0.0%	1,375,000	3.8%
KBC Private Equity Fund Biotech NV	375,000	1.1%	0	0.0%	375,000	1.0%
Sofinnova Capital IV FCPR	4,927,831	14.5%	0	0.0%	4,927,831	13.7%
S.R. One	500,000	1.5%	0	0.0%	500,000	1.4%
VIB VZW	1,375,000	4.0%	0	0.0%	1,375,000	3.8%
Subtotal	**23,815,385**	**70.1%**	**0**	**0.0%**	**23,815,385**	**66.1%**
D. Others						
Personnel[5]	0	0.0%	579,750	27.6%	579,750	1.6%
Other[6]	171,968	0.5%	298,248	14.2%	470,216	1.3%
Subtotal	**171,968**	**0.5%**	**877,998**	**41.8%**	**1,049,966**	**2.9%**
Total (A)+(B)+(C)	**23,865,385**	**70.3%**	**1,220,000**	**58.2%**	**25,085,385**	**69.6%**
Total (A)+(B)+(C)+(D)	**24,037,353**	**70.8%**	**2,097,998**	**100.0%**	**26,135,351**	**72.5%**
E. As a result of the Offering						
New Shares	8,625,000	25.4%	0	0%	8,625,000	23.9%
of which BI subscription	1,500,000	4.4%	0	0%	1,500,000	4.2%
Exercise Over-allotment Option	1,293,750	3.8%	0	0%	1,293,750	3.6%
Subtotal	**9,918,750**	**29.2%**	**0**	**0%**	**9,918,750**	**27.5%**
Total (A)+(B)+(C)+(D)+(E)	**33,956,103**	**100.00%**	**2,097,998**	**100%**	**36,054,101**	**100%**

(1) The number of existing shares takes into account the Share Consolidation.

(2) The number of shares for which the existing Warrants give a right to subscribe takes into account the modification of the exercise ratio of the existing Warrants (1 share for the exercise of 2 existing Warrants), resulting from the Share Consolidation, as referred to under the previous footnote. For an overview of all Warrants issued by the Company, reference is made to section "16.5 Description of Share capital and Corporate Structure—Warrants".

(3) Certain shareholders and holders of Warrants as referred to in this table have entered into separate arrangements as regards the non-transferability of their securities.

(4) For a detailed overview of the shares and warrants held by the members of the Board of Directors and by the members of the Executive Committee, reference is made to "14.7 Management and governance—Shares and Warrants held by directors and executive management".

(5) "Personnel" includes the persons providing services to Ablynx on the basis of a consultancy agreement and who are not a member of the Executive Committee.

(6) "Other" includes former Ablynx personnel and consultants.

(7) Including the offering to the Company's employees, consultants and independent directors on a preferential basis within the retail tranche.

10 SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

Set forth below is the selected income statement, balance sheet and cash flow statement financial data of the Company as of and for the years ended December 31, 2004, 2005 and 2006, derived from the Company's audited financial statements, prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus. This section also includes the selected income statement, balance sheet and cash flow statement financial data of the Company as of and for the six months ended 30 June 2007, derived from the Company's unaudited but reviewed financial statements, prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus.

Investors should read this section together with the information contained in "Management's discussion and analysis", the non-statutory financial statements of the Company, prepared in accordance with IFRS, as adopted by the EU, the Statutory financial statements of the Company prepared in accordance with Belgium GAAP, and the related notes thereto included elsewhere in this prospectus.

As required by Belgian Company law, in view of the fact that the Company does not prepare consolidated financial statements, the Company prepares and after the Offering will continue to prepare statutory financial statements in accordance with Belgian GAAP as the Company's exclusive legal reporting framework. However, for purposes of transparency and comparability, the Company, on a voluntary basis, in this Prospectus includes non-statutory financial statements prepared in accordance with IFRS, as adopted by the EU, and intends to continue to prepare such IFRS statements on a voluntary basis in the context of its ongoing reporting requirements, in addition to preparing financial statements under Belgian GAAP. The Company, in this Prospectus and in the context of its ongoing reporting requirements, will focus discussion on the financial statements prepared in accordance with IFRS, as adopted by the EU, and will describe the material differences between Belgian GAAP financial statements and IFRS financial statements for each reporting period.

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006[1]
		(€'000) (audited)		(€'000) (unaudited)	
Income Statement Data:					
Revenue:					
Research and development	3,628	458	23	4,181	900
Grants	341	386	1,067	349	228
Total revenue	3,969	844	1,090	4,530	1,128
Research and development expense	(13,504)	(8,041)	(4,934)	(8,491)	(5,943)
General and administrative expense	(4,160)	(2,760)	(1,684)	(2,611)	(1,663)
Total operating expenses	(17,664)	(10,801)	(6,618)	(11,102)	(7,606)
Other operating income/(expense)	48	20	11	4	13
Operating result	(13,647)	(9,937)	(5,517)	(6,568)	(6,465)
Finance income (net)	414	359	107	409	67
Loss before taxes	(13,233)	(9,578)	(5,410)	(6,159)	(6,398)
Income tax expense	0	(2)	0	0	0
Loss of the period	(13,233)	(9,580)	(5,410)	(6,159)	(6,398)

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006[1]
		(€'000) (audited)		(€'000) (unaudited)	
Balance Sheet Data (as of period end):					
Non-current assets:					
Intangible assets	899	1,128	1,312	820	—
Property, plant and equipment	1,626	842	694	1,976	—
Current assets:					
Trade receivables	1,369	436	161	1,169	—
Other current assets	596	314	180	735	—
Accrued income and deferred charges	383	796	455	584	—
Cash and cash equivalents	25,799	11,745	8,187	38,599	—
Total assets	30,672	15,261	10,989	43,883	—
Equity:					
Share capital	24,416	17,661	5,161	44,554	—
Share premium account	26,530	13,425	13,425	26,535	—
Share-based payments	780	241	50	1,157	—
Retained loss	(31,675)	(18,442)	(8,862)	(37,834)	—
Non-current liabilities:					
Borrowings	154	0	0	71	—
Current liabilities:					
Borrowings	178	0	0	188	—
Trade payables	2,302	1,046	563	2,638	—
Other current liabilities	1,097	492	429	1,552	—
Deferred income	6,890	838	223	5,022	—
Total liabilities	10,621	2,376	1,215	9,471	—
Total equity and liabilities	30,672	15,261	10,989	43,883	—
Cash Flow Statement Data:					
Net Cash used in operating activities	(4,766)	(8,364)	(4,323)	(6,516)	(4,881)
Net cash used in investing activities	(1,372)	(577)	(726)	(726)	(234)
Net cash generated from financing activities	20,192	12,500	12,202	20,042	0

(1) The Company prepared a balance sheet as at December 31, 2006, which is included herein; however, balance sheet information is not available for June 30, 2006.

11 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with (i) the Section entitled "selected historical financial and operating data" and (ii) Ablynx's audited financial statements, including the notes to those financial statements, included in this Prospectus. Certain statements in this Section are "forward-looking" statements and should be read in conjunction with the disclaimer "Forward-looking information". Ablynx's financial statements have been prepared in accordance with IFRS as adopted by the EU and Belgian GAAP. The figures used in this section refer to the financial statements which have been prepared in accordance with IFRS, as adopted by the EU.

11.1 Overview

Ablynx is a biopharmaceutical company focused on the discovery and development of Nanobodies, a new class of novel therapeutic proteins that are derived from naturally occurring antibodies. Ablynx is committed to fully exploiting its technology platform to develop a diverse and broad portfolio of therapeutic Nanobodies. The Company's most advanced development program is focused on thrombosis and the lead compound in this program, ALX-0081, is currently in Phase I clinical development. Ablynx believes that ALX-0081 may be valuable in several therapeutic indications, including ACS, requiring interventional angioplasty, stroke and the orphan disease TTP.

Through 30 June 2007, the Company has funded its operations through:

- proceeds of €70.2 million from private placements; and
- cash receipts of €3.6 million from grants, €11.6 million from license fees, research and development funding and milestone payments from its collaborators and €2.0 million net from interests.

The Company spent approximately €37 million of its cash receipts on research and development, approximately €11.8 million on general and administrative expenses and, as at the end of June 2007, held €38.6 million cash.

The Company began operations in 2001 and since that time it has devoted substantially all of its efforts to the research and development of its Nanobody platform and drug candidates and obtaining or maintaining patents relating to its intellectual property. Since 2004, Ablynx has entered into a number of scientific and commercial collaborations including ventures with BI, Centocor, Novartis, P&GP and Wyeth. The Company intends to continue, when appropriate, to enter into selective collaborations with biopharmaceutical partners as a means of generating revenues and sharing risk as well as increasing the likelihood of both development and commercial success.

11.2 Factors affecting results of operations

The successful development of drug candidates is highly uncertain, and the Company expects to continue to incur operating losses for the foreseeable future as it develops ALX-0081 and its other drug candidates. At this time, the Company cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of these drug candidates. The Company is also unable to predict when, if ever, material cash inflows will commence from sales of Nanobody-based drugs.

Set forth below is a discussion of material factors that the Company believes will materially impact the Company's results in future periods.

Revenue

Most of the Company's revenue to date has been generated from its collaborative agreements, including upfront fees (which may be recognized over the initial years of an agreement), research and development support and milestone payments, and grant support primarily from the Flemish government. Since inception through June 30, 2007, Ablynx has recognized total revenue of €8.4 million from its collaboration agreements, and it has been awarded grant support totaling approximately €6.2 million, which includes €2.6 million payable through the beginning of 2009. In the future, the Company will seek to generate revenue from a combination of upfront fees, research and development support, milestone payments from collaborations, royalties from the licensing of intellectual property, grants, and product sales, Ablynx expects that future revenue will continue to fluctuate from period to period as a result of the timing of

collaboration agreements, in addition to the amount and timing from the sale of products, to the extent that any are successfully commercialized.

The Company continues to seek new research and development collaborations, and it also expects to receive additional grant support from Belgian and international institutions.

Research and development expenses

The Company's research and development expense reflects costs incurred for research and development projects, including the salaries of research personnel, rental of laboratory facilities, laboratory supplies and the costs of outsourced research and development services. It also includes the costs of maintaining and overseeing the Company's intellectual property portfolio, including the costs of legal counsel and associated filing and maintenance fees. With the exception of the patents contributed to the Company in 2001 and acquired in 2002, which have been capitalized and are being amortized over time, Ablynx expenses all costs associated with its research and development as they are incurred.

The Company expects that research and development expenditures for the discovery, development and commercialization of drug candidates and enhancements will continue to increase as the Company would progress its pre-clinical programs into clinical phases and would enter Phase II for its ALX-0081 program. In addition, Ablynx intends to initiate sufficient new discovery programs, with the goal of filing at least five new INDs or IND-equivalents by 2011 for compounds still wholly-owned by Ablynx.

The expected increase will primarily relate to higher personnel costs and additional outsourcing costs. The Company intends to further increase its staff to approximately 140 to 150 by the end of 2007 and it expects to outsource additional clinical development, including the Phase II trial that would be entered for the ALX-0081 program. In addition, the Company is seeking additional laboratory and office space at its current location in Belgium from 2008 onwards. The Company intends to rent space in a major new building which is planned to be available in the first half of 2009 and to rent an additional 400 square meters of space in Porto with the intention of creating a center of excellence.

General and administrative expenses

The Company's general and administrative expenses consist primarily of salaries and other related costs for personnel in executive, finance, accounting, business development, quality, IT, legal and human resources functions. General and administrative expenses are expected to increase with the expansion of the Company's management, the board of directors, the overall increase of the supporting service departments and the assumption of additional responsibilities related to becoming a public entity.

Taxation

Since its inception, the Company has not made profits and, as a result, has not paid corporate taxes, with the exception of €2,000 paid in 2005. Its accumulated losses totaled approximately €37.8 million as at June 30, 2007. These losses can be used to offset future profits, if and when they are made. However, no deferred tax assets have been recorded to date because of the development stage of the Company and the lack of certainty that the Company will generate profits in the future.

On 27 April 2007 a law was approved in Belgium which allows Belgian companies to exempt 80% of their patent income from tax starting from tax assessment year 2008 in the case of intellectual property which is internally generated. The tax deduction will only apply to "new" patent income, i.e. income from patents that have not given rise to sales of products or services covered by these patents, to third parties, by the Belgian company, a licensee or an affiliated company, prior to January 1, 2007. In the case of intellectual property acquired the patent income that will be eligible for tax reduction will be reduced by the depreciation on the acquired intellectual property. As a result, to the extent that Ablynx becomes profitable and to the extent that the income it generates qualifies under the applicable provisions, Ablynx' upfront fees, milestones, royalties, possibly reduced if they relate to acquired intellectual property, will be subject to a tax rate of 6.8% instead of the nominal rate of 34%.

11.3 Analysis of results of operations

The following table includes information relating to the Company's results for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007.

Income Statement Data

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006
		(€'000) (audited)		(€'000) (unaudited)	
Revenue:					
Research and development	3,628	458	23	4,181	900
Grants	341	386	1,067	349	228
Total revenue	3,969	844	1,090	4,530	1,128
Research and development expense	(13,504)	(8,041)	(4,934)	(8,491)	(5,943)
General and administrative expense	(4,160)	(2,760)	(1,684)	(2,611)	(1,663)
Total operating expenses	(17,664)	(10,801)	(6,618)	(11,102)	(7,606)
Other operating income/(expense)	48	20	11	4	13
Operating result	(13,647)	(9,937)	(5,517)	(6,568)	(6,465)
Finance income (net)	414	359	107	409	67
Loss before taxes	(13,233)	(9,578)	(5,410)	(6,159)	(6,398)
Income tax expense	0	(2)	0	0	0
Loss for the year	(13,233)	(9,580)	(5,410)	(6,159)	(6,398)

Revenue

Revenue decreased €0.2 million from approximately €1.1 million in 2004 to approximately €844,000 in 2005. This decrease was primarily attributable to a decrease of approximately €0.7 million from grants, as two of the Company's grant projects were completed: (i) an "Evaluation of a new class of therapeutics based on *Camelidae* single-domain antibody fragments"; and (ii) the EMPRO (European Microbicides Project). The decrease was partially offset by an increase in research and development revenue of approximately €0.4 million from new collaborative arrangements with P&GP and Genencor in 2005.

Revenue increased €3.1 million from approximately €0.8 million in 2005 to approximately €4.0 million in 2006. This increase was primarily attributable to an approximately €3.2 million increase in research and development revenue as the Company signed new agreements with Novartis, Wyeth and BI in 2006. The increase was slightly offset by an approximately €45,000 decrease in grant revenue due to the completion of the grant project "Efficient selection of single-domain *Camelidae* antibodies amenable to the design of second generation peptide drugs".

Revenue increased €3.4 million from approximately €1.1 million in the six months ended June 30, 2006 to approximately €4.5 million in the six months ended June 30, 2007. This increase was primarily attributable to an approximately €3.3 million increase in research and development revenue, resulting mainly from the new collaborative agreements with Novartis, Wyeth and BI. In addition, Ablynx had an approximately €0.1 million increase in grant revenue due to a new grant from the Flemish government from which the Company will receive approximately €1.9 million funding starting in 2007 until the end of 2008.

Research and development expenses

Research and development expenses increased approximately €3.1 million from approximately €4.9 million in 2004 to approximately €8.0 million in 2005. This increase reflected increased research and development activity, primarily related to the commencement of the development phase of ALX-0081 in 2005. From period to period the costs for outsourced research and development increased approximately €1.7 million. Research personnel costs increased approximately €0.6 million as research and development headcount increased from 28 to 39. In addition, the costs relating to the maintenance of intellectual property increased approximately €0.5 million from 2004 to 2005.

Research and development expenses increased approximately €5.5 million from approximately €8.0 million in 2005 to approximately €13.5 million in 2006. This increase primarily related to the commencement of the clinical trials for ALX-0081 in 2006. From period to period the costs for outsourced research and development increased approximately €2.6 million. Laboratory expenses and other R&D operating expenses increased approximately €1.5 million and research and development depreciation and amortization increased approximately €0.2 million reflecting additional laboratory equipment. In addition, research personnel costs increased approximately €1.4 million as R&D headcount increased from 39 to 68. These increases were partially offset by an approximately €0.2 million decrease in the costs relating to the maintenance of intellectual property.

Research and development expenses increased approximately €2.6 million from approximately €5.9 million in the six months ended June 30, 2006 to approximately €8.5 million for the six months ended June 30, 2007. This increase was primarily attributable to an approximately €0.9 million increase in personnel costs as research and development staff increased to 81 as at June 30, 2007. It also reflects an approximately €0.9 million increase in laboratory expenses and other operating expenses and an approximately €0.8 million increase in research and development outsourcing expenses.

General and administrative expenses

General and administrative expenses increased approximately €1.1 million from approximately €1.7 million in 2004 to approximately €2.8 million in 2005. This increase primarily resulted from increased personnel expenses, which increased approximately €0.7 million, including share based payments and executive compensation. The increase also reflects additional recruiting and other consultancy costs.

General and administrative expenses increased approximately €1.4 million from approximately €2.8 million in 2005 to approximately €4.2 million in 2006. This increase primarily resulted from an approximately €0.6 million increase in personnel expenses, including share based payments. Executive compensation increased approximately €0.5 million with the recruitment of new Executive Committee members in 2006.

General and administrative expenses increased approximately €0.9 million from approximately €1.7 million in the six months ended June 30, 2006 to approximately €2.6 million in the six months ended June 30, 2007. This increase primarily resulted from an approximately €0.7 million increase in personnel expenses, including share based payments.

Other operating income and expenses

Other operating income and expenses comprises income and expenses which are ancillary to the Company's primary business. This item is primarily revenue from the sale of surplus equipment (other operating income) and revenue received from other research organizations for the use of the Company's equipment or the short-term rental of equipment and laboratory space (cross charging of expenses). Other operating income and expenses increased approximately €9,000 from approximately €11,000 in 2004 to approximately €20,000 in 2005.

Other operating income and expenses increased approximately €28,000 from approximately €20,000 in 2005 to approximately €48,000 in 2006. This increase was primarily attributable to the sale of surplus equipment in 2006. Other operating income and expenses decreased approximately €9,000 from approximately €13,000 in the six months ended June 30, 2006 to approximately €4,000 in the six months ended June 30, 2007.

Operational result

As a result of the foregoing, the loss from continuing operations before tax and net finance costs increased from approximately €5.5 million in 2004 to approximately €9.9 million in 2005 and approximately €13.6 million in 2006. Negative operating result increased from €6.5 million in the six months ended June 30, 2006 to approximately €6.6 million in the six months ended June 30, 2007.

Finance income (net)

Finance income (net) primarily comprises interest from deposits. Finance income (net) increased approximately €0.3 million from approximately €0.1 million in 2004 to approximately €0.4 million in 2005. Finance income (net) remained relatively steady at approximately €0.4 million in 2005 and 2006. Finance income (net) increased approximately €0.3 million from approximately €67,000 in the six months

ended June 30, 2006 to approximately €0.4 million in the six months ended June 30, 2007. The increase was principally due to increased income from deposits following the capital increase in August 2006.

Loss before tax

As a result of the foregoing, loss before tax increased from approximately €5.4 million in 2004 to approximately €9.6 million in 2005 and approximately €13.2 million in 2006. Loss before tax decreased from approximately €6.4 million in the six months ended June 30, 2006 to approximately €6.2 million in the six months ended June 30, 2007.

Income tax expense

As the Company incurred losses in all of the relevant periods it had no taxable income and, therefore, it paid no taxes, with the exception of €2,000 paid in 2005.

Loss for the period

As a result of the foregoing, the Company's loss increased from approximately €5.4 million in 2004 to approximately €9.6 million in 2005 and approximately €13.2 million in 2006. The loss for the period decreased from approximately €6.4 million in the six months June 30, 2006 to approximately €6.2 million in the six months ended June 30, 2007.

11.4 Balance sheet analysis

Balance Sheet Data

	As at 31 December			As at 30 June
	2006	2005	2004	2007
		(€'000) (audited)		(€'000) (unaudited)
Non-current assets	2,525	1,970	2,006	2,796
Current assets	28,147	13,291	8,983	41,087
Total assets	30,672	15,261	10,989	43,883
Equity	20,051	12,885	9,774	34,412
Non-current liabilities	154	0	0	71
Current liabilities	10,467	2,376	1,215	9,400
Total equity and liabilities	30,672	15,261	10,989	43,883

Assets

The Company's non-current assets comprise the following:

	Year Ended 31 December			Six Months Ended 30 June
	2006	2005	2004	2007
		(€'000) (audited)		(€'000) (unaudited)
Intangible assets	899	1,128	1,312	820
Tangible assets	1,626	842	694	1,976

The Company's intangible assets include a portfolio of patents contributed to the Company in 2001 and acquired in 2002. The patents are being depreciated over approximately 12 years. The Company has not capitalized any other patents and it expenses all of its research and development activities. The intangible assets also include software licenses acquired primarily over the last two years.

The Company's non-current tangible assets include the Company's laboratory and office equipment. The Company does not own any real estate property. The increase in non-current assets during the past three years essentially relates to the increase in equipment as the Company has increased the scope of its research activities.

The Company's current assets essentially consist of trade receivables and cash and cash equivalents. The increases in the period 2004 to 2006 primarily relates to increases in cash and cash equivalents from capital increases in March 2004 and August 2006.

Liabilities

The Company's current liabilities primarily relate to deferred income from collaborative arrangements and trade payables. The increase in 2006 results from the increase in deferred income as a consequence of the collaborative agreements entered into at the end of 2006.

The Company's non-current liabilities relate to a leasing contract and a borrowing contract, as described in "11.6 Liquidity and capital resources—Indebtedness" below.

11.5 Impact of inflation

The results of the Company's operations for the periods discussed have not been materially affected by inflation.

11.6 Liquidity and capital resources

General

The Company's liquidity requirements primarily relate to the funding of research and development expenses, general and administration expenses, capital expenditures, licensing payments and working capital requirements. Historically the Company was funded from private equity investments, research and development contracts with pharmaceutical companies and grants. Following the Offering, and the application of the proceeds as described in "7 Use of Proceeds", the Company's principal sources of funds are expected to be cash on hand, cash from operations and amounts available under its existing credit facilities.

Cash flows

The following table sets forth the Company's cash flow statement data for the years ended 31 December 2006, 2005 and 2004, as well as for the six months ended 30 June 2007 and 2006.

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006
		(€'000) (audited)		(€'000) (unaudited)	
Net cash used in operating activities	(4,766)	(8,364)	(4,323)	(6,516)	(4,881)
Net cash used in investing activities	(1,372)	(577)	(726)	(726)	(234)
Net cash generated from financing activities	20,192	12,500	12,202	20,042	0

Cash flow from operating activities represented a net outflow of approximately €4.3 million, €8.4 and €4.8 million in 2004, 2005 and 2006, respectively. These changes reflected essentially the increased operating expenses during the three years, which were partially offset in 2006 by the positive impact of the new collaborative agreements. Cash flow from operating activities was a net outflow of approximately €6.5 million in the six months ended June 30, 2007 and a net outflow of approximately €4.9 million in the six months ended June 30, 2006. This change was primarily attributable to higher costs of operations.

Cash flow from investing activities represented a net outflow of approximately €0.7million, of €0.6 million and €1.4 million in 2004, 2005 and 2006, respectively. These changes primarily reflected increased investments in laboratory and office equipment during the periods. Cash flow from investing activities was a net outflow of approximately €0.7 million in the six months ended June 30, 2007 and a net outflow of approximately €0.2 million in the six months ended June 30, 2006.

Cash flow from financing activities Cash flow from financing activities represented a net inflow of approximately €12.5 million in 2005 and a net inflow of approximately €12.2 million in 2004, which were paid further to the Company's capital increase in 2004. Cash flow from financing activities represented a net inflow of approximately €20.2 million in 2006 related to the net proceeds of the August 2006 capital increase and proceeds from borrowings. Cash flow from financing activities was a net inflow of approximately €20.0 million in the six months ended June 30, 2007 and was nil in the six months ended

June 30, 2006. This increase essentially related to the call-down of the remaining amount to be paid up further to the Company's capital increase in August 2006.

Indebtedness

The Company currently has no indebtedness other than: (i) a €130,000 loan from Fortis, due November 2009, which was used to finance an equipment purchase; and (ii) an equipment lease contract in the amount of €307,968, due July 2008, relating to the acquisition of a cellular detection system; and (iii) a lease contract in the amount of €19,548, due December 2009, relating to the acquisition of IT equipment.

Capital expenditures

The following table sets forth the Company's capital expenditures for the years ended December 31, 2006, 2005 and 2004 and for the six months ended June 30, 2007 and 2006.

	Year Ended 31 December			Six Months Ended 30 June	
	2006	2005	2004	2007	2006
		(€'000) (audited)		(€'000) (unaudited)	
Intangible assets	25	58	12		13
Tangible assets	1,447	519	714	726	221

The Company expects that its future capital expenditures will be substantially in line with its past expenditures. Future capital expenditures are expected primarily to relate to further investment in laboratory and office equipment.

11.7 Contractual obligations and commitments

The following table summarizes the Company's commitments for future expenditures related to long-term debt as of June 30, 2007:

	Repayments due within				
	1 Year	1–2 Years	2–5 Years	5 or more Years	Total
			(€'000)		
Loan	42	45	19	—	106
Financial leases	146	3	4	—	153
Operating leases	166	134	110	—	410
Total	354	182	133	—	669

Currently the Company does not have any off-balance sheet arrangements.

11.8 Disclosures about interest rate, credit and currency risk

The Company has limited interest rate risk as it has only a small amount of borrowings. The Company also believes that its credit risk, relating to receivables, is limited because its receivables are with very large, and creditworthy organizations.

Foreign currency risk relates to the risk that the Company will incur economic losses due to adverse changes in foreign currency exchange rates. The Company may be subject to limited currency risk as certain of its research agreements are in foreign currencies, mostly US dollars, and it purchases some of its laboratory equipment in foreign currencies. The Company has not entered into any currency hedging arrangements in order to cover its currency exposure.

11.9 Critical accounting policies and estimates

The preparation of the Company's financial statements requires management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities as reflected in its financial statements at the reporting date, as well as the disclosure of amounts of revenue and expenses for the period being reported on. These estimates are made, mainly, in respect of fair values of financial instruments, impairment losses, deferred income tax and allowances for bad debts, provisions for employees' vacation leave payments, as well as the useful life and residual values of equipment. These

estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these financial statements.

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.

Carrying values of property, plant and equipment ("PP&E")

The Company monitors internal and external indicators of impairment relating to its PP&E. Management has concluded that no impairment has arisen in respect of assets during 2004 to 2006 and since December 31, 2006.

12 BUSINESS

12.1 Overview

Ablynx is a biopharmaceutical company focused on the discovery and development of Nanobodies® (“Nanobodies”), a new class of novel therapeutic proteins that are derived from naturally occurring antibodies. Nanobodies are based on the smallest functional fragments of heavy chain antibodies, which occur naturally in the *Camelidae* family, including camels and llamas. These stable “heavy chain only” antibodies have not been found in any other mammals.

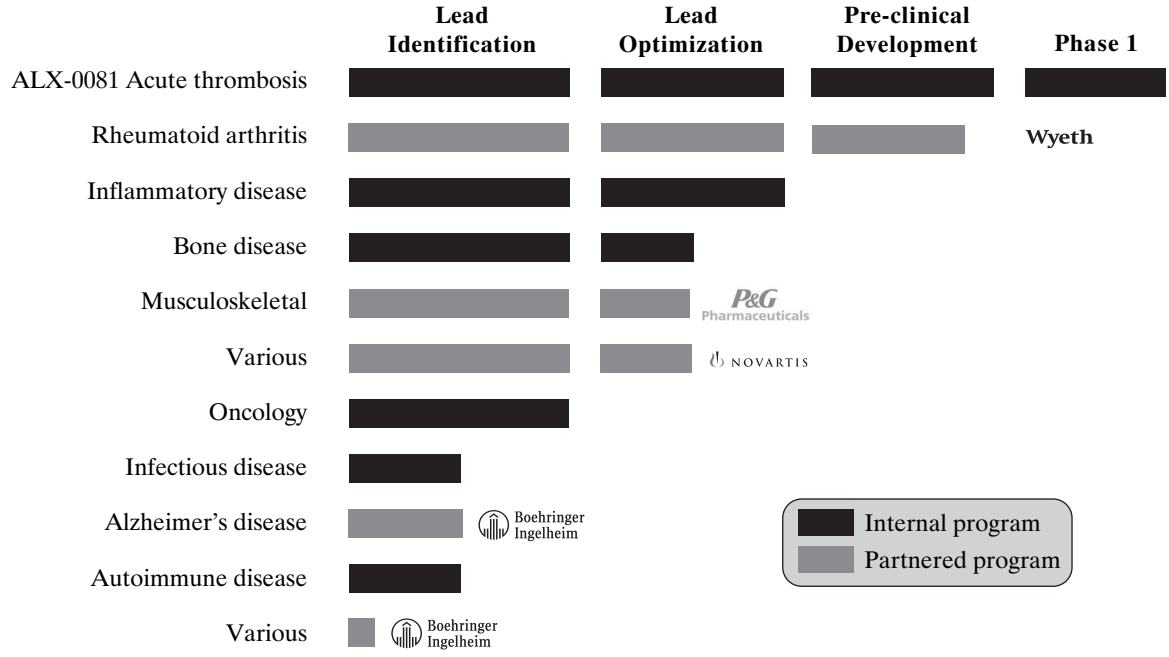
The Company believes that Nanobody-based drug candidates will have a competitive advantage as they combine the benefits of conventional monoclonal antibodies (“mAbs”) with some of the well-known features of small molecule drugs. Ablynx can rapidly identify and produce high affinity Nanobodies against a wide range of biological targets. The Company believes that, coupled with their high affinities, the physical attributes of Nanobodies, including their small size, structural features, potential for extended half-life, high stability and ease of manufacture, make them attractive drug candidates with potential applications in major therapeutic areas, including cardiovascular disease, inflammation, oncology and neurology. The inherent stability of Nanobodies offers the opportunity for alternative delivery routes beyond injection, including oral, inhalation and transdermal, thus broadening their potential application and market opportunity.

To date, Nanobodies have been generated against more than 100 potential disease targets and positive *in vivo* efficacy data have been demonstrated in 16 animal disease models. The Company believes that its technology platform is well-validated as it has been the subject of more than 130 peer-reviewed scientific papers. Ablynx is committed to fully exploiting its technology platform to develop a diverse and broad portfolio of therapeutic Nanobodies.

The Company’s most advanced development program is focused on thrombosis. Currently, the lead compound in this program, ALX-0081, is in Phase I clinical development. Ablynx believes that ALX-0081 may be valuable in several therapeutic indications, including acute coronary syndrome (“ACS”)—requiring interventional angioplasty, stroke and the orphan disease thrombotic thrombocytopenic purpura (“TTP”). Pre-clinical data generated using ALX-0081 have demonstrated increased efficacy and significantly decreased side effects when compared to currently available anti-thrombotic treatments. In December 2006, the Company filed a Request for Authorization (“RfA”), an IND-equivalent, in Europe for ALX-0081 and has completed the in-life phase of the first in man Phase I clinical trial. Phase II clinical testing is expected to begin in 2008. The Company believes that the earliest date for commercialization of ALX-0081 would be 2013.

Since 2004**,** Ablynx has entered into a number of important scientific and commercial collaborations including ventures with Boehringer Ingelheim (“BI”), Centocor Research & Development (a wholly owned subsidiary of Johnson & Johnson) (“Centocor”), Novartis, Procter & Gamble Pharmaceuticals (“P&GP”) and Wyeth Pharmaceuticals (“Wyeth”). For more information see “12.9 Business—Collaborations and Partnerships”. Such deals normally involve Ablynx receiving over a period of many years one or a combination of the following: up-front payments; FTE payments; payments for the achievement of technical milestones (e.g. on initiation of Phase I, Phase II and Phase III trials or market approval). For more information see “13 Regulation”; and royalty payments on future product sales. In return, Ablynx licenses or transfers certain intellectual property rights to its collaborator as well as usually providing scientific support, resources and expertise to the venture. For example, in January 2007, the Company announced a deal with a value of up to €206 million with BI under which BI and Ablynx agreed to collaborate to identify Nanobodies against a specific biological target believed to be relevant in Alzheimer’s disease, and BI received an exclusive worldwide license to develop and commercialize such Nanobodies. In September 2007, the Company announced a major 1.3 billion (theoretical deal value (i.e., estimated maximum), excluding royalties) global strategic alliance with BI to discover, develop and commercialize up to 10 different Nanobody therapeutics. The Company intends to continue, when appropriate, to enter into selective collaborations with biopharmaceutical partners as a means of generating capital reserves and sharing risk as well as increasing the likelihood of both development and commercial success.

The Company's current research and development pipeline includes compounds for the following disease areas:



Ablynx has an extensive patent position in the field of Nanobodies for healthcare applications, with exclusive and worldwide rights to more than 200 patents and patent applications within some 50 patent families. These include the patents describing the basic structure, composition, preparation and uses of Nanobodies (the "Hamers patents"), which have been granted or are pending in the United States, Europe, Japan and other territories. The Company's patents cover all of its internal and partnered development programs. Classical mAb-based therapeutics are often subject to certain broad-ranging production patents and target-related patents. Ablynx believes that its Nanobody-based drug candidates may not fall under at least some of these patents and so may often not be subject to the royalty obligations typically associated with mAb-based therapeutics.

To date, the Company has raised €70 million in private equity financing. It has research facilities in Ghent, Belgium, and Porto, Portugal and as of 30 June 2007, it had more than 100 employees, approximately 35% of whom hold PhD degrees.

12.2 Ablynx Strategy

Ablynx seeks to successfully discover, develop and commercialize Nanobody-based drugs for a range of important human diseases. Key elements of the Company's strategy include:

- ***Continue to leverage the cost-effective nature, broad applicability and flexibility of the Company's Nanobody technology to rapidly identify potential drug candidates with unique advantages across a range of therapeutic areas.*** The Company is focused on the rapid discovery and development of a large number of potential new product candidates to maximize the probability of success and minimize the effects of natural pipeline attrition. Ablynx will seek to continue to leverage its Nanobody technology with the goal of filing at least five IND-equivalents for compounds still wholly owned by Ablynx over the next five years. The Company is not planning a specific therapeutic area focus in the short to medium term, and its selection of programs will be primarily based on: an assessment of the specific advantages of Nanobodies for an indication compared to other approaches; the level of clinical validation for a particular target; the availability of target material; intellectual property issues and; the competitive landscape and commercial opportunity.
- ***Rapidly advance Ablynx's anti-thrombosis lead candidate, ALX-0081, through clinical development.*** The Company is focused on the development of its lead candidate, ALX-0081, for the treatment and prevention of acute thrombotic events. ALX-0081 is currently in Phase I clinical development. The Company believes that ALX-0081 may target a significant market opportunity in the treatment of various thrombosis related indications. Ablynx believes that the development of ALX-0081 represents an important clinical validation of Nanobodies.

- ***Selectively partner Nanobody programs to seek to maximize the Company's market opportunity.*** Ablynx will retain rights to certain indications or territories if it believes it can develop and/or commercialize products using its own resources. It will, however, collaborate selectively on the development and commercialization of certain product candidates which are expected to require specialist expertise or significant capital investment for development or marketing. For example, in 2006, the Company entered into a collaboration on its TNFα program with Wyeth. Ablynx believes that the collaboration with Wyeth will accelerate the clinical development of drug candidates within the TNFα program as a result of Wyeth's general capabilities, resources and specific experience with a related product, Enbrel®, which attained worldwide sales of more than US$4.4 billion in 2006.

  Ablynx carefully manages the number of collaborative programs in which it is engaged at any one time and also limits the scope of these collaborations by providing rights to specific biological targets rather than broad indications. The Company seeks to maximize the benefits from its partnerships while retaining the ability to properly resource and focus on its own in-house discovery and development activities.

- ***Maintain and expand Ablynx's proprietary Nanobody technology and intellectual property position.*** Ablynx has rights to patents and applications in the United States, Europe, Japan and other territories which describe the basic structure, composition, preparation and uses of Nanobodies. Ablynx intends to actively protect its proprietary position and will continue to file additional patents on products and technology whenever appropriate. To help develop its technology platform and expand its intellectual property portfolio, the Company maintains collaboration and outsourcing arrangements with several academic laboratories and retains rights to all of the intellectual property developed under these arrangements. In particular, Ablynx has a collaboration with Utrecht University, which has resulted in the identification of Nanobodies against more than 50 antigens and the Company filing numerous patent applications covering target classes as well as individual targets.

12.3 Company history and milestones

Year	Milestone
2001	• Ablynx established by VIB and GIMV with Mark Vaeck as CEO
	• Obtained €2 million of capital from GIMV and Biotech Fonds Vlaanderen as the first closing of a Series A financing and the grant by VIB of irrevocable, exclusive, worldwide and royalty-free rights to the Nanobody technology and patent portfolio for all human and animal healthcare applications
2002	• Began research operations and several VIB scientists joined the Company
	• Obtained €3 million through a second closing of the Series A financing by Sofinnova and Gilde
2004	• Entered into a collaboration with P&GP to discover and develop Nanobody-based drug candidates
	• Raised €25 million through a Series B financing led by Alta Partners together with the participation of Abingworth and all of its existing shareholders (GIMV, Adviesbeheer GIMV Life Sciences and the Biotech Fonds Vlaanderen, Sofinnova and Gilde)
	• Edwin Moses joined the Company as Chairman of the Board
2005	• Hennie Hoogenboom joined the Company as Chief Scientific Officer
	• Entered into a collaboration with Novartis

Year	Milestone
2006	• Entered into a collaboration with Centocor and achieved its first milestone in, and extended the scope of, the P&GP collaboration
	• Edwin Moses appointed Chief Executive Officer and Wim Ottevaere (Chief Financial Officer) and Eva-Lotta Allan (Chief Business Officer) joined the Company
	• Raised €40 million of Series C financing led by KBC Private Equity together with SROne (a subsidiary of GlaxoSmithKline) and all of its existing investors
	• Entered into a $212.5 million* licensing agreement with Wyeth on TNFα
	• Moved into new facilities on the Technologiepark in Ghent
2007	• Initiated the first clinical trial of its Nanobody (ALX-0081)
	• Hired its 100th member of staff
	• Achieved a second milestone in the P&GP collaboration by discovering Nanobodies for a new biological target
	• Announced a €206 million* exclusive worldwide research and licensing agreement with BI to develop a Nanobody-based treatment for Alzheimer's disease
	• Josi Holz joined the Company as Chief Medical Officer
	• Entered in to a €1.3 billion* collaboration agreement with BI
	• Received €1.9 million grant from the Flemish government to develop new therapeutic applications of Nanobodies

* Theoretical deal value agreed between parties (*i.e.*, estimated maximum), excluding royalties.

12.4 The Nanobody Solution

Background

The pharmaceutical industry originally developed based on the use of small synthetic organic molecules of molecular weights in the range of 300 to 500 daltons. Several characteristics of small molecules allowed their broad application to a wide range of biological targets including the fact that they are stable and can often be delivered orally as well as through other routes of administration and that they are relatively easy to manufacture. The majority of pharmaceutical products currently marketed are small molecules. The key disadvantage of small molecules is that they often bind to multiple different biological targets in addition to the intended target, resulting in unwanted side effects and requiring lengthy lead optimization to improve affinity and/or selectivity.

The limitations of small molecule drugs resulted in efforts to develop other types of therapeutic molecules. As part of their natural defense system against pathogens and tumor cells, the immune system of vertebrates naturally produces molecules called antibodies, which are very specific and have high affinities for a particular target. In the 1970s, technology was developed to produce mAbs, and this provided the catalyst for the pharmaceutical industry to pursue the development of antibodies as potential drug candidates to start to address the shortcomings of small molecules. mAbs have been a growing segment of the pharmaceutical industry since 1986, when Orthoclone-OKT3 was approved for the treatment of transplant rejection. Since then, more than 20 mAbs have been approved to treat a variety of ailments including cancer, inflammation, auto-immune diseases, infectious diseases, allergic asthma, macular degeneration, multiple sclerosis, cardiovascular diseases and transplant rejection. According to *Frost and Sullivan's* "*The European Monoclonal Antibodies Therapeutics Market B421-52, October 2004*", the biotechnology industry currently accounts for more than 30% of drugs in development and approximately 25% to 30% of these are mAbs. In 2006, sales of mAbs were in excess of US$19 billion, and are expected to more than double by 2012 to more than US$43 billion. The success of mAbs is based on their high affinity and specificity for a particular biological target together with the fact that they generally do not display the non-target related side effects often associated with small molecules.

The table below provides information about some of the most commercially successful mAbs.

Drug*	Indication**	Company	2006 Global Sales (US$ millions)
Remicade®/infliximab	Inflammatory disease	Johnson & Johnson, Schering-Plough	4,253
Rituxan®/MabThera®/ rituximab	Non-Hodgkin's lymphoma	Genentech, Roche, Biogen Idec	3,739
Herceptin®/trastuzumab	Breast cancer	Genentech, Roche	3,136
Avastin®/bevacizumab	Colorectal cancer	Genentech, Roche	2,365
Humira®/adalimumab	Inflammatory disease	Abbott Laboratories	2,044
Erbitux®/cetuximab	Cancer	ImClone, Bristol-Myers Squibb	1,100
Synagis®/palivizumab	Respiratory syncytial virus	Medimmune	1,062

Source: Datamonitor's Monoclonal Antibodies Report Part 1, DMHC2291, June 2007

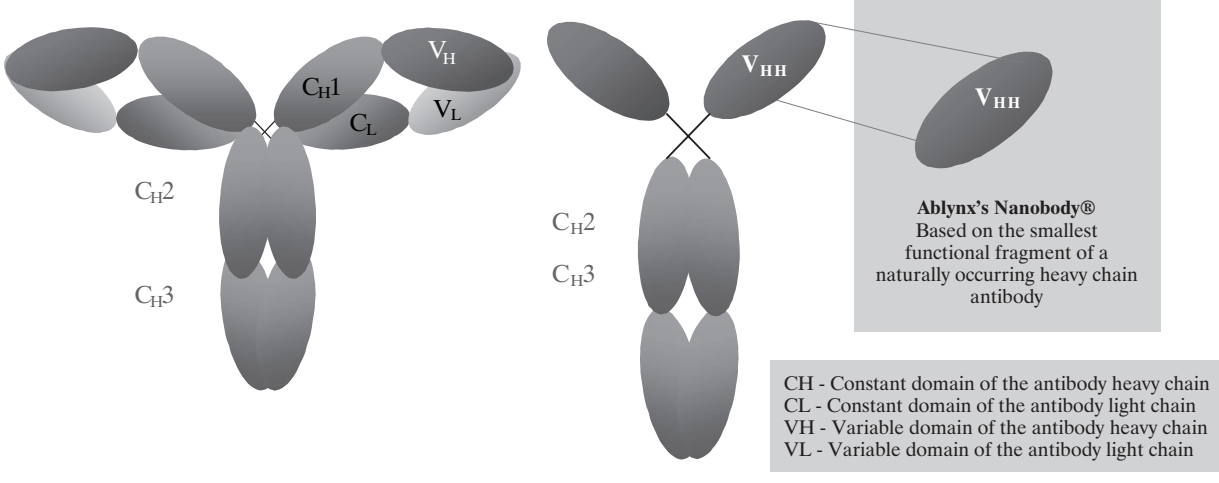
* For the purpose of this table, Enbrel® (etanercept) has not been included as it is a dimeric fusion protein consisting of the extracellular ligand-binding portion of TNF receptor linked to the Fc portion of human IgG1.

** Many of these drugs are approved for multiple indications.

Despite their considerable commercial success, mAbs have significant limitations when compared to small molecules. Many mAbs are large (approximately 150,000 daltons) restricting their ability to be developed for some biological targets. They are also relatively unstable, which has generally limited delivery routes to intravenous or subcutaneous injection. mAbs are also normally difficult and expensive to manufacture. All these limitations have created a need to identify the next generation of therapeutics that ideally combines the advantages of small molecules with the benefits of mAbs. The Company believes that Nanobodies meet the criteria to be part of this next generation.

12.5 Description of Nanobodies

The basis for Nanobody technology was originally discovered in 1992 at the VUB. The invention was based on the observation that *Camelidae* (the family which includes camels and llamas) are the only mammals which, in addition to conventional antibodies, also possess antibodies that lack light chains but still have the full antigen-binding capacity of conventional antibodies. In these "heavy-chain only" antibodies, antigen binding occurs through a single variable domain (V_{HH}) (from which Nanobodies are derived) which is the smallest functional antibody fragment of a naturally occurring heavy-chain antibody.



There has been considerable academic and industry-based research into Nanobodies over the last 15 years as illustrated by more than 130 peer-reviewed scientific publications. The Company therefore believes that its Nanobody technology platform is well-validated.

12.6 The Nanobody Advantages

Ablynx believes that Nanobodies combine the beneficial features of conventional antibodies with many of the desirable properties of small molecule drugs. Like conventional antibodies, Nanobodies possess:

- high specificity and affinity for many different types of antigens, including many therapeutic protein targets; and
- lower potential for side effects.

In addition, Nanobodies offer several advantages over conventional antibodies including:

- they are small (with molecular weights ranging from 12,000 to 15,000 daltons they are approximately ten times smaller than mAbs);
- their size and unique structure allows them to penetrate into small cavities and clefts and to bind to a wide range of protein epitopes such as those present in viruses, enzymes, hormones, growth factors and receptors;
- Nanobodies can bind to epitopes not recognized or not accessible to conventional antibodies and have the potential to access small molecule targets with antibody-like specificity and affinity;
- they have biophysical features that support the rapid development of Nanobodies as injectables but also have the potential to be delivered through multiple alternative routes. In particular, they have or can be engineered to have high thermodynamic stability, chemical stability and solubility, storage stability and resistance to proteases. This can translate into protein-based drugs which are very stable, with long shelf-lives, and which can be potentially administered in a variety of formulations via injection or delivery by other routes such as oral, transdermal, inhalation and intranasal;
- the ability to combine V_{HH} domains directed to the same target together into one Nanobody construct to enhance the effectiveness of detection and binding of the target molecule;
- the ability to make bi- and even multi-specific constructs of Nanobodies against more than one target which creates significant therapeutic opportunities to address complex diseases;
- as small protein domains they are typically cleared from the body quickly, but this half-life can be tailored through a variety of engineering methods to create a circulating half-life from minutes to weeks, which means that the therapeutic options available to Nanobodies range from acute to chronic indications. For example, Nanobodies conjugated to polyethylene glycol and also Nanobodies comprising anti-albumin domains have shown half-lives in Rhesus monkeys of nine to ten days, which indicates potential half-lives of two to three weeks in humans;
- they can be relatively easily manufactured in micro-organisms at a low cost compared to mAbs; and
- they have a low immunogenic potential in humans. This is based on their relatively close sequence homology to human heavy chain variable domains, which can be further increased by engineering, together with their high structural homology to human heavy chain variable domains and low tendency to aggregate.

The Nanobody Discovery Engine

Ablynx has two technologies available to it to quickly select a wide range of high potency Nanobodies for pre-clinical evaluation. In addition to phage display, which is a widely used technique for antibody discovery, Ablynx has developed a proprietary Nanobody discovery process called Nanoclone® (“Nanoclone”). Both technologies require initial immunization of a member of the *Camelidae* family (Ablynx for practical purposes uses llamas) with the target antigen and, after approximately six weeks, collection of a small quantity of tissue from the animal. That tissue sample will generally already contain tens or hundreds of different high affinity single heavy chain antibodies specific for the target antigen. Either phage display or Nanoclone may then be used to select the Nanobodies.

Using the phage display method, expression libraries of Nanobodies are made from B-cells isolated from the tissue of the immunized llamas. A repetitive procedure of selection and amplification is then used to isolate a single antigen/target binding V_{HH} from a collection of millions of different V_{HH} fragments. This approach is particularly effective when developing Nanobodies against cell-surface-based or integral membrane antigens.

Using its own proprietary Nanoclone technology, the Company can identify antigen-specific Nanobodies directly in the tissue of immunized llamas. In this process, B-cells from immunized llamas are stained with fluorescently labeled antigen and then sorted using flow cytometry, following which the genetic information encoding the Nanobody is amplified from the RNA of the B-cell clone. This technique is particularly useful when developing Nanobodies against soluble antigens or extracellular domains of receptors.

The immunization procedure used by Ablynx compares favorably with other technologies for isolating binding proteins from non-immunized or synthetic gene sources because it often avoids the need for *in vitro* engineering of affinity, potency and stability.

The Company has produced Nanobodies against more than 60 biological targets and has shown proof of concept in six animal disease models. External collaborators and other academics have produced Nanobodies against more than 40 additional biological targets and have shown proof of concept in ten further animal disease models.

Using both phage display and Nanoclone technologies, the Company can usually produce high-affinity Nanobody leads, which are ready for pre-clinical development, within six months from accessing a biological target. Based on current experience, the Company expects to be able to advance new Nanobody-based drug candidates from initial discovery to filing of an RfA within approximately 26 to 44 months, although it filed an RfA for its first compound (ALX-0081) only 24 months after starting the selection campaign leading to its discovery.

The structural features of Nanobodies make them suitable for recognizing a wide variety of antigens, including targets typically used for antibodies, such as cell surface antigens, some transmembrane receptors and proteins, circulating proteins or peptides, viral coat and bacterial adhesion molecules. In addition, Nanobodies have the potential to recognize targets which have proved difficult for classical antibodies, such as G-PCRs, ion channels and enzymes. The use of the llama's natural immune system provides quick access to Nanobody leads. Nanobody technology can be rapidly applied to a range of targets within a target class and this allows the Company to file patent applications covering target family groups as well as individual targets. For example, the Company has generated Nanobodies against the majority of currently known cell-surface based molecules involved in the process of co-stimulation of T-cells by antigen-presenting cells. The Company believes that this family of targets has potentially important therapeutic applications.

To reduce the risk of immunogenicity, Ablynx routinely humanizes its Nanobodies. This is a straight-forward procedure because Nanobodies already display relatively high sequence homology to human heavy chain variable domains, typically between 80% and 90% when comparing the framework regions. Certain mutations may be introduced into these framework regions without losing the desirable structural and functional properties that are the defining features of Nanobodies. To date, the Company has humanized 16 Nanobodies, in a process that yields an average of 94% sequence homology in the framework regions, translating into on average only five differences in the framework regions, compared with the closest human germline immunoglobulin sequence. Commercially successful mAbs like Remicade®, Avastin® or Humira® have, respectively, 19, eight and one differences in their heavy chain variable domain framework regions compared with the closest human germline immunoglobulin sequence. Experiments with Nanobodies in primates have provided further support for the expected low immunogenic potential in humans.

Innovative product opportunities for Nanobodies

The Company believes that the Nanobody platform can potentially be applied to make products with significant advantages over a number of existing or emerging biologicals or small molecules, due to higher potency, lower cost of goods, a better pharmacokinetic/pharmacodynamic profile or a safety advantage.

The formatting flexibility of Nanobodies may be exploited in many ways. For example, molecules with high potency can be made by constructuing multi-valent Nanobodies (by linking two or more V_{HH} domains binding to identical epitopes) or by constructing biparatopic Nanobodies (by linking two V_{HH} domains binding to two different epitopes which are on the same antigen). The desired pharmacokinetic/pharmacodynamic profile can be obtained more readily than when using mAbs due to the potential to engineer Nanobodies with improved potency and the preferred half-life.

The Company believes that there are a number of concepts for using Nanobodies that could lead to some innovative products and applications. While these concepts are not validated yet and require further

scientific research, they could form important new opportunities for future Nanobody drugs. For example, potential opportunities may include: agonistic Nanobodies that could replace hormones or growth factors; Nanobodies selected to cross endothelial cell layers; Nanobodies which could be used to carry drugs across the blood-brain barrier; and Nanobodies which could eventually address intracellular targets.

Production of Nanobodies

Nanobodies based on one or more V_{HH} domains are simple, non-glycosylated protein domains which can be easily and cost-effectively expressed in microbial cells such as *E. coli*. A process for cGMP production of the Company's lead compound, ALX-0081, has been developed with a third-party contract manufacturing organization. The production process is scaleable and hundreds of grams of the Nanobody have been produced. Particular Nanobodies may be formatted as fusions to other proteins or protein domains, such as albumin or the Fc-moiety of antibodies. The nature of these Nanobody formats may necessitate the use of other host organisms for production. A range of other hosts are available for Nanobody expression, including yeast (e.g. *Saccharomyces cerevisiae* and *Pichia pastoris*), mammalian or even plant cells.

Nanobody Discovery Programs

The Company's aim is to develop Nanobody-based drugs that fully exploit the specific advantages associated with Nanobodies. In the selection of new targets for new programs the following issues are considered: potential Nanobody advantages compared with other approaches; level of clinical validation of the target; availability of target material; intellectual property and; competitive landscape and commercial opportunity.

Discovery programs are currently ongoing in a range of indications including: inflammatory and autoimmune disease, infectious diseases, Alzheimer's disease, oncology, and musculoskeletal disease. The Company's goal during the next five years is to initiate sufficient new discovery programs to ensure the filing of at least five INDs, or their equivalents, for compounds still wholly owned by Ablynx. The timing of licensing to partners will vary depending on the target and indication but Ablynx will seek to maintain direct involvement for as long as is appropriate.

12.7 Anti-thrombosis program: ALX-0081

The anti-thrombosis program is the Company's most advanced project, with an RfA filed in December 2006 and the in-life phase of the Phase I first in man clinical trial completed. ALX-0081 is a new potential anti-thrombotic agent which targets a key commercial opportunity, as the Company believes it may provide a solution to the cardiologist's current dilemma in ACS which typically involves achieving a balance between the prevention of clots and potentially life-threatening bleeding complications.

ALX-0081 is a Nanobody targeted against von Willebrand factor ("vWF"), a protein found in the blood, that acts at a very early stage in the coagulation cascade, namely platelet adhesion, in contrast to currently available anti-platelet drugs (e.g. aspirin, ADP receptor antagonists like Plavix® and GPllb/llla inhibitors like ReoPro® and Integrillin®) which work only in the late stage of platelet aggregation. The addition of ALX-0081 to the range of tools currently employed in an anti-thrombotic regimen may, therefore, have the potential to improve the overall efficacy of anti-platelet aggregation therapy and lead to an increased use of anti-thrombotic treatment in clinical indications like ACS where there is a high need for immediate and safe therapy.

Thrombosis market overview

Thrombosis is the formation or presence of a clot or thrombus inside a blood vessel, obstructing the flow of blood through the circulatory system.

Thrombosis can be divided in two main groups:

- venous thrombosis occurs when the clot obstructs a vein. Clots that develop in the venous system, sometimes called "red clots", are generally relatively large in size and are composed predominantly of fibrin enmeshed with cellular components including red blood cells. Venous thrombosis manifests itself in diseases such as deep vein thrombosis and pulmonary embolism; and
- arterial thrombosis occurs when the blood clot obstructs an artery. The clots formed in arterial thrombosis are called "white clots" and are composed of fibrin and platelets. Arterial thrombosis occurs in diseases such as the majority of strokes, peripheral arterial occlusive disease, myocardial infarction and coronary artery disease.

Arterial thrombosis usually affects individuals who already have atherosclerosis, or narrowing of the arteries. Atherosclerosis causes the walls of the arteries to harden due to accumulation of plaque (a combination of cholesterol and calcium) and tends to develop in areas where the blood flow is more turbulent, for example where blood vessels branch off. It usually takes many years to build up. Upon spontaneous rupture of a plaque, a white blood clot can form blocking the blood flow, which results in ACS. When arterial thrombosis occurs in the coronary arteries (the two arteries that come from the aorta to provide blood to the heart muscle), it can lead to heart attacks. When it occurs in the cerebral (brain) circulation, it can lead to strokes. When the clot obstructs a peripheral artery (usually in the leg) it is called peripheral arterial occlusive disease ("PAOD").

ACS is expected to afflict approximately 2.8 million people in the Unites States, Japan and certain European countries in 2007 according to *Datamonitor's Pipeline Insight: Antithrombotics, Reaching the untreated prophylaxis market report, DMHC2284 March 2007* and is the leading cause of mortality in the area of cardiovascular disease. Experts believe that the prevalence and incidence of acute infarcts due to arteriosclerosis will further increase, due to the ageing population. PAOD will affect an estimated 21.7 million individuals in the US, Japan and certain European countries in 2007 and is associated with significant morbidity and mortality. After heart disease and cancer, stroke is the third most frequent cause of death in the Western world. It is estimated that over two million people suffer a stroke annually. Mortality is high with 20% of patients dying, whilst the majority of the remainder is left permanently disabled.

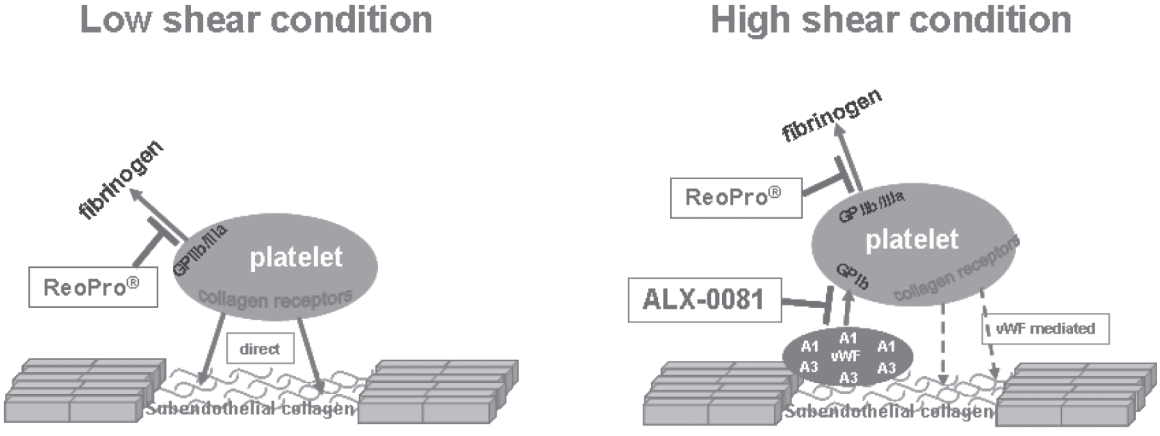
Another disease related to the formation of white clots is TTP. The underlying abnormality in TTP is the formation of small platelet clots, which leads to occlusions of small vessels throughout the body particularly within blood vessels supplying the brain and the kidneys. It has been shown that these small platelet clots are caused by the presence of large clumps of vWF. Approximately four cases of TTP per million inhabitants are diagnosed per year in Europe and the United States. This incidence estimate suggests that orphan drug designation should be achievable for this indication, which would enable an accelerated development and approval timetable. There is currently no approved drug therapy for TPP and plasma exchange is the only available treatment for these patients today. Plasma exchange involves the removal of the patient's plasma (the non-cellular component of blood) and its replacement by donor plasma. Plasma exchange costs approximately US$1,500 per procedure, according to the Journal of Endocrinology & Metabolism Vol. 87, with several weeks of daily procedures. TTP remains a condition with extremely high morbidity and mortality, even with timely plasma exchange, and so there is still a significant unmet medical need for this disease.

Drug treatments for thrombosis can be divided into three classes: thrombolytic agents, anti-coagulants and anti-platelet agents. Anti-platelet agents are used primarily for arterial thrombosis where clots are formed by aggregation of platelets. The most widely used anti-platelet agents are: aspirin, Plavix® (clopidogrel bisulfate), Ticlid®/Panaldine® (ticlopidine), Integrilin® (eptifibatide) and ReoPro® (abciximab). An important feature of current platelet aggregation inhibitors is that they are indiscriminate in their activity and they prevent both the unwanted thrombosis in injured or stenosed arteries and the desirable hemostasis in healthy blood vessels. A consequence of their use is, therefore, a frequent occurrence of bleeding complications including bleeding at the site of injection, gastro-intestinal bleeding and cerebral bleeding.

In the Western world, acute angioplasty is rapidly becoming the standard procedure of care in ACS. Angioplasty is a surgical technique that widens narrowed arteries, usually by inflating a balloon and often followed by the placement of a stent—a device that keeps the artery mechanically open. However, angioplasty has also become an important cause of arterial thrombosis, as the insertion of the stent often results in damage of the arterial wall leading to platelet adhesion to the damaged blood vessel. Hence, there is a need for stronger and safer anti-thrombotic agents to be used in conjunction with angioplasty. Today a patient undergoing angioplasty is mainly protected against acute thrombotic events by the combined therapy of aspirin and Plavix®. Aspirin is known to be only a weak anti-platelet agent and the efficacy of Plavix® is mainly proven as a chronic therapy during the six to nine month period following angioplasty. Aspirin and adenosine diphosphate (ADP) antagonists like Plavix® are also not effective in some patients and this is causing increasing concern amongst interventional cardiologists and may accelerate the demand for new, more effective anti-thrombotic treatments that intervene as early as possible during the platelet adhesion-activation-aggregation cascade. GPIIb/IIIa antagonists like ReoPro® and Integrilin® are known to be strong inhibitors of platelet aggregation, however, their mode of action may result in bleeding complications which often limits their use.

Overview of ALX-0081

ALX-0081, a bi-valent Nanobody with a molecular weight of 28,000 daltons, is designed to selectively prevent thrombus formation in vessels with a blood flow under high shear conditions and as such to minimize bleeding complications. This selectivity is possible because of differences in the way that platelets adhere to collagen in high- and low-shear blood vessels. Sub-endothelial collagen is exposed on damaged vessel walls as a result of atherosclerotic plaque rupture or as a result of the angioplasty procedure. In low-shear blood vessels such as veins, platelets adhere directly to sub-endothelial collagen via their collagen receptors to form clots. In high-shear blood vessels such as arteries, platelets can only bind to collagen and initiate formation of a clot in the presence of vWF. vWF acts as a "platelet capturer" and "mediator" of platelet aggregation. It binds to collagen via its A3 domain, after which its A1 domain undergoes a conformational change from a resting state to a GPIb (receptor on the platelets) binding conformation. This binding interaction of GPlb with the immobilized vWF is highly reversible, however, the interaction allows the platelets to slow down and roll over the damaged vessel area, which is then followed by firm adhesion through the collagen receptors resulting in platelet activation. This leads to platelet activation and the conformational activation of the platelet GPIIb/IIIa receptor, fibrinogen binding, and finally to platelet aggregation (see figure).



ALX-0081 was selected as the lead development candidate based on a pre-clinical data set comprising:

- enhanced *in vitro* efficacy and improved *in vivo* efficacy in primates and substantially reduced bleeding complications versus current standards of treatment like Plavix® and ReoPro®; and
- optimal pharmacokinetics for the desired clinical setting which requires a short half-life.

The Company believes that ALX-0081 has the potential to reduce thrombus formation while at the same time exhibiting only relatively minor bleeding side effects.

The Opportunity for ALX-0081

The drug candidate ALX-0081 targets a key opportunity in the anti-thrombotic market as it may provide a solution to the cardiologist's current dilemma in ACS which typically involves achieving a balance between the prevention of clots and unwanted and potentially life-threatening bleeding complications.

Other potential indications for ALX-0081 include myocardial infarction (MI), stroke and the orphan disease TTP. In addition, ALX-0081 could potentially prevent arterial thrombosis following angioplasty, which is a serious clinical problem. Based on the results of the CURE trial published in the New England Journal of Medicine in 2001, it is estimated that approximately five to ten percent of all patients undergoing coronary angioplasty experience further narrowing of the involved artery to such a level that additional medical procedures are required. Existing anti-platelet drugs are ineffective in this situation and potentially novel approaches like ALX-0081 are needed.

ALX-0081 could potentially alleviate the general bleeding issues associated with the use of ReoPro® (and all GPIIb/IIIa antagonists). Bleeding complications related to the use of GPIIb/IIIa inhibitors have important cost implications since they lead to prolonged hospitalization and, in practice, inhibit the use of these drugs in the ambulance or an outpatient setting.

The Company believes that ALX-0081 has the potential to improve the standard of care in ACS as a key component of the preferred therapeutic regime. It could potentially be used even in the ambulance or the emergency room to "pacify" highly active atherosclerotic plaques. In conjunction with angioplasty, it could potentially provide the potent anti-thrombotic effect clinicians are looking for, without the bleeding complications associated with heparin or GPIIb/IIIa inhibitors. Furthermore, the action of ALX-0081 should be short-term and reversible, which is expected to lead to a good safety profile.

Development program for ALX-0081

Pre-clinical development

The Phase I-enabling toxicology program was successfully completed, and the ongoing reproduction toxicology program will be completed before the expected start of Phase II clinical trials in 2008. During the pre-clinical development program, no ALX-0081 related toxicity or clinically significant issues were noted and the drug was advanced into the first-in-man trial.

Clinical Development (Phase I)

An RfA was filed in Germany in December 2006 and a Phase I first-in-man study was initiated in healthy male volunteers in April 2007. In that study, the safety, tolerability and pharmacokinetics of ALX-0081 were being evaluated based on single ascending doses. In addition, a first read-out on pharmacodynamics using a surrogate marker for the pharmacological effect of ALX-0081 on platelets was performed. The in-life phase of the study was completed in August 2007. A review of the clinical safety data indicates that a one-hour infusion of a single dose of ALX-0081 (doses ranged from 0.5 to 12 mg per subject) is safe and well tolerated. In addition, this dosing regime did not result in immunogenicity (i.e. no anti-drug antibodies directed against ALX-0081 were detected as a response to the ALX-0081 treatment). Further observations include the fact that pharmacodynamic effects measured via a biomarker are observed at the anticipated doses.

On the basis of the pharmacokinetic, pharmacodynamic and safety data obtained from this first Phase I study, dosing schedules relevant for the treatment of ACS as well as TTP patients will be modeled. The modeled dosing schedules will be evaluated in a multiple dose study and the Company is prepared to initiate discussions with the regulatory agencies before the end of 2007 for the next phase of clinical trials.

It is currently the Company's intention to partner this program for further development with a pharmaceutical company for at least the major indications upon the successful completion of Phase IIa clinical trials, although this strategy will be kept under constant review. The Company believes that the earliest date for commercialization of ALX-0081 would be 2013.

12.8 Tumor Necrosis Factor-Alpha (TNFα) Program licensed to Wyeth

In November 2006, Ablynx announced a licensing deal with Wyeth which allows Wyeth to develop and commercialize all Nanobodies to TNFα for all indications. This agreement is further described under "12.9 Collaborations and Partnerships".

Overview of TNFα

TNFα is a cytokine involved in systemic inflammation. TNFα causes apoptotic cell death, cellular proliferation, differentiation, inflammation, tumorigenesis and viral replication. TNFα's primary role is in the regulation of immune cells while overproduction of TNFα has been implicated in a variety of human diseases such as rheumatoid arthritis ("RA"), psoriasis, Crohn's disease and cancer. Biopharmaceuticals that are antagonists for TNFα, such as Enbrel®, marketed by Wyeth and Amgen, Remicade®, marketed by Johnson & Johnson and Schering-Plough, and Humira®, marketed by Abbott Laboratories, have had a dramatic impact on the treatment of TNFα-related diseases. The 2006 global sales for the anti-TNFα biopharmaceuticals Enbrel®, Remicade® and Humira® were in excess of US$10 billion for indications including adult RA, juvenile RA, ankylosing spondilitis, psoriatic arthritis, psoriasis and IBD.

TNFα Program

As part of its initial discovery program, Ablynx selected Nanobodies that were potent blockers of TNFα and that were shown to be more efficacious than currently marketed drugs in cell-based assays and in

relevant animal models. The following results were obtained for Nanobodies to TNFα by Ablynx before the program was licensed to Wyeth:

- high potency (*in vitro*) and efficacy (*in vivo*) in both preventive and therapeutic models comparable to or superior to existing anti-TNFα blockbusters;
- immunogenicity data from studies conducted in primates did not reveal any exceptional issues and compare favorably with those using current commercial anti-TNFα biopharmaceuticals;
- high thermodynamic stability of the wild type and humanized anti-human TNFα Nanobodies which could lead to a long shelf-life with no requirement for refrigerated distribution and storage;
- a long *in vivo* half-life (potentially supporting dosing every two to four weeks in humans) was demonstrated in a primate model;
- production in microbial systems at a ten liter scale;
- evidence of enhanced biodistribution at the site of inflamed joints in mice; and
- the potential for oral delivery in a therapeutic model of inflammatory bowel disease.

Wyeth intends to develop Nanobody-based drug candidates targeted to TNFα for RA and additional indications.

12.9 Collaborations and Partnerships

Ablynx has signed a number of important research and licensing deals. Current key partners include BI, Wyeth, Novartis and P&GP.

Boehringer Ingelheim Agreements

In September 2007, the Company announced a major global strategic alliance with BI to discover, develop and commercialize up to 10 different Nanobody therapeutics. Ablynx expects to receive payments of €75 million during the research term of the collaboration which includes a €15 million investment by BI in the Offering (see section "5 Information on the Offering"). In addition, Ablynx will receive development milestone payments for each Nanobody which is developed of up to €125 million as well as undisclosed royalties. Ablynx and BI will collaborate jointly in the discovery of Nanobodies against agreed targets across multiple therapeutic areas including immunology, oncology and respiratory. Both parties will propose target opportunities for the collaboration with the goal of bringing Nanobody-based products rapidly to patients in need. BI will be exclusively responsible for the development, manufacture and commercialization of any products resulting from the collaboration, Ablynx will have certain co-promotion rights in Europe.

In January 2007, the Company announced a €206 million (theoretical deal value agreed between parties (*i.e.,* estimated maximum), excluding royalties)) research and licensing agreement with BI. In this deal, BI and Ablynx agreed to collaborate to identify Nanobodies to a specific biological target believed to be relevant in Alzheimer's disease and BI received an exclusive worldwide license to develop and commercialize such Nanobodies. In return, Ablynx received an upfront payment and will receive R&D payments, milestone payments and royalties as Nanobody drug candidates proceed through development and potentially reach the market. Ablynx will also participate in the relevant Steering Committees. Under an agreement with reMYND NV, Ablynx has the obligation to pay reMYND 50% of any income received if it licenses Nanobodies which were tested by reMYND, for activity in animal models of Alzheimer's disease, to a third party for development and commercialization. Accordingly, if BI wish to license those specific Nanobodies for development and commercialization, the Company would pay reMYND 50% of the income it receives from BI as a result of such licensing arrangement.

Wyeth Agreement

In November 2006, the Company announced a US$212.5 million (theoretical deal value agreed between parties (*i.e.*, estimated maximum), excluding royalties) agreement with Wyeth under which Wyeth received an exclusive worldwide license to develop and commercialize all Nanobodies to TNFα for all indications. Wyeth is responsible for all costs associated with the development of these Nanobodies and Ablynx will participate in the relevant Steering Committees and will receive upfront payments, R&D payments, milestones and royalties.

Novartis Agreement

The agreement with Novartis was signed in December 2005. Under this agreement, Ablynx will seek to discover Nanobodies against a number of targets nominated by Novartis in a collaborative research program. The deal includes R&D payments, license fees, milestones and royalties.

Procter & Gamble Pharmaceuticals Agreements

Ablynx has signed two agreements with P&GP. In July 2004, the companies signed an agreement to discover and develop Nanobody-based drug candidates again targets specified by P&GP. Under the terms of the partnership, P&GP provides Ablynx with research and development funding, pre-determined milestones, and royalties upon commercialization.

A further agreement was signed in March 2006 to discover and develop Nanobody drug candidates against an undisclosed target for possible new treatments in musculoskeletal indications. Under the terms of this agreement, P&GP provides Ablynx with research and development funding, pre-determined milestones, and royalties upon commercialization.

In December 2006, Ablynx announced that it had achieved a first milestone under the collaborations. The technical milestone consisted of the delivery of a highly diverse and potent panel of Nanobodies against a particular target, triggering a payment. The achievement of a similar milestone was announced in June 2007 against a second target.

Other Collaboration Agreements

In addition, the Company has entered into commercial and scientific collaborations with other commercial partners including Kirin Brewery, Centocor and Genencor. The Company has also entered into various academic collaborations some, of which are listed in *Annex B* to this Prospectus.

12.10 Grants and Subsidies

Since its inception, the Company has been awarded grant support from the Flemish government totaling approximately €6.2 million. The Company currently has two ongoing programs:

- Project 1: Development of a new Nanobody discovery method based on a selection of B-lymphocytes from immunized llamas;
- Project 2: Exploring and expanding therapeutic uses and applicability of therapeutic heavy chain derived single variable domains: the Nanobody Novel Uses Program:

	Project 1		Project 2	
Grant	**Payment**	**Date**	**Payment**	**Date**
	(€'000)		**(€'000)**	
Following contract execution	235	Apr-06	371	—
Six months after start of project	235	Apr-06	371	—
12 months after start and production of intermediate report	235	Feb-07	371	—
18 months after start and positive financial evaluation	235	Apr-07	371	—
24 months after start and production of end report	235	—	372	—
	1,175		1,856	

The Company continues to apply for grant support from the Flemish government and other sources where possible and appropriate.

12.11 Intellectual Property

Ablynx has an extensive patent position in the field of Nanobodies for healthcare applications. The Company has exclusive and worldwide rights to more than fifty families of granted patents and pending patent applications, including the Hamers patents covering the basic structure, composition, preparation and uses of Nanobodies. The Hamers patents have been granted or are pending in major territories including the US, Europe and Japan. As a result of its exclusive patent rights, Ablynx is the only company

in the world that has the intellectual property rights required for the commercialization of healthcare products based on Nanobodies. See *Annex A* "Ablynx's Patents" for further details of the Company's current patents and patent applications.

Ablynx has exclusive and irrevocable worldwide rights to all patents and patent applications filed by the VUB and VIB since 1992 (when the Nanobody technology was invented) in relation to the Nanobody platform and its applications for the whole field of human and animal healthcare.

Since 2002, the Company has filed many additional patent applications describing further aspects of the Nanobody technology and its therapeutic applications. It has also in-licensed intellectual property describing Nanobody libraries, their immobilization and use from Unilever, and intellectual property describing a specific class of Nanobodies able to cross the blood-brain barrier from the National Research Council of Canada. The Company has also developed and patented a proprietary procedure for discovering and generating Nanobodies: the Nanoclone technology.

The Company's most important intellectual property is described below.

Nanobody platform: the Hamers patents

Ablynx has an exclusive worldwide license under the "Hamers-I" patent family of the VUB for all therapeutic and diagnostic applications of Nanobodies. The Hamers-I patent family is the basic patent family for *Camelidae* heavy chain antibodies and for Nanobodies, and currently comprises 7 granted US patents, 5 pending US applications, 1 granted European patent (currently the subject of opposition appeal proceedings, after the claims relating to Nanobodies were upheld in opposition proceedings), 4 pending European applications, and further patent applications and granted patents in a number of other countries worldwide. The patent applications and patents within the Hamers-I patent family also contain claims that relate to humanized Nanobodies, to multi-valent and/or multi-specific constructs comprising two or more Nanobodies, and to methods for making the same. In addition, the patent applications and patents within the Hamers-I patent family contain claims that relate to expression libraries of Nanobodies, to methods for making such libraries, and for methods of screening such libraries in order to generate Nanobodies against a specific target. The first Hamers patents expire in Europe in 2013 and in the United States from 2015 onwards.

Technologies for generating Nanobody leads

The Company uses two technologies to obtain a wide range of V_{HH} domains with high potency, that can be used to provide a series of Nanobody leads for pre-clinical evaluation—phage display based procedures and a proprietary B-cell sorting method called Nanoclone. In the area of phage display, Ablynx holds an exclusive license to the "Summer technology" from the VIB, a proprietary technique for providing a repertoire of Nanobody sequences starting from B-cells obtained from an immunized *Camelidae*. The Nanoclone procedure is proprietary to Ablynx and is the subject of a pending patent application.

Ablynx performs phage display procedures at its site in Porto (Portugal), where the European patents owned by the Medical Research Council, UK, that cover the use of expression libraries (Winter-II patent) and the use of phage display techniques (the patents belonging to the McCafferty patent family) are not in force. The Company has also entered into a contractual arrangement with Domantis Ltd. (now acquired by GlaxoSmithKline), to allow it to use individual V_{HH} domains that were generated using expression libraries at its Porto site, in its Ghent laboratories and in countries where the European Winter-II patent is in force. A difference of interpretation has arisen in respect of this contractual arrangement, please see—"12.16 Litigation" for more details.

Humanization, formatting and half-life extension

To aid in their use as therapeutics, Nanobodies can be humanized without losing the desirable structural and functional properties that are their defining features. The Hamers patents and patent applications also contain claims that generally cover the humanization of Nanobodies. In addition, the patent applications that Ablynx files for Nanobodies which are generated as part of the Company's discovery programs routinely cover humanized variants of naturally occurring Nanobodies.

The Company has filed several patents relating to Nanbody constucts with extended half-life. In addition, Ablynx has opposed a European patent granted to Domantis (now GSK) that relates to polypeptide constructs that comprise one or more domain antibodies against a serum protein and one or more domain antibodies that are directed against a target, which polypeptide constructs have an increased serum

half-life. Ablynx believes it has a strong opposition case, which is based on prior art not yet cited during the procedure for grant. Should the opposition not be successful, Ablynx and its partners may have to negotiate a license to this patent, or use an alternative technology not covered by the claims of this patent.

Domantis also holds a number of other patent applications in the area of half-life extension. These are still applications, and Ablynx believes these applications either do not relate to half-life extension techniques currently used by Ablynx or, in view of the prior art already cited against these applications, will not be granted or will only be granted with limited claims that will not cover any of the half-life extension technologies currently used by Ablynx. Nevertheless, Ablynx is closely watching the prosecution of these applications and will take appropriate action where necessary (including but not limited to the filing of opposition).

Ablynx believes its novel proprietary half-life extension techniques are not covered by any patent or patent application held by Domantis.

Development programs and products

Ablynx holds a series of patent applications that relate to the Nanobody-based drug candidates that have been generated as part of its discovery programs. These applications generally claim Nanobodies against the relevant target, optimized and formatted variants thereof, proteins and polypeptides comprising the same, and pharmaceutical and diagnostic products containing such Nanobodies and proteins, as well as therapeutic and diagnostic uses thereof. In addition, for its anti-thrombosis program and its partnered TNFα program, the Company holds patent applications that cover the structure of its specific Nanobody leads.

Ablynx has also performed a detailed freedom to operate analysis on Nanobodies against vWF and on the Nanobody lead compound ALX-0081. As a result, it has identified one granted European and US patent owned by Ajinomoto that contains claims that relate to a mAb against vWF. However, the Company believes that because of its structure/format and properties, ALX-0081 does not constitute a mAb as defined in the claims of this patent.

Production of Nanobodies

Nanobodies can be easily and cost-effectively expressed in microbial cells such as those of *E. coli*. The Hamers patents also generally cover the production of Nanobodies in microbial cells. Also, through its license from VIB, Ablynx has access to the patents from the VUB that relate to the production of Nanobodies in lower eukaryotic hosts such as moulds (for example *Aspergillus* or *Trichoderma*) or yeast (for example *Saccharomyces*, *Kluyveromyces*, *Hansenula* or *Pichia*). In addition, the patent applications that are filed for Nanobody leads routinely cover methods for producing such leads.

The Company believes that due to the differences in structure between Nanobody constructs and conventional antibodies, the production of Nanobody constructs does not fall within the scope of some of the well-known intellectual property on the production of conventional antibodies, such as the so-called "Boss" patents and "Cabilly" patents.

Ablynx is engaged in licensing discussions with Xoma on the licensing of a Xoma patent that relates to certain research tools. The Company believes that it will be able to secure this license on reasonable terms, taking into account that the Xoma patent expires in Europe in 2008 and that this patent does not extend to Ablynx's activities in Portugal (as this patent is not in force in Portugal). Ablynx will consider alternatives to licensing if a license cannot be secured on reasonable terms.

Formulation and delivery of Nanobodies

Nanobodies are suitable for alternative delivery formulations allowing potential administration routes other than just intravenous or subcutaneous injection. Ablynx holds a family of patent applications that generally cover such alternative routes of administration, including oral, transdermal, inhalation and intranasal administration of Nanobodies. In addition, the patent applications that are filed for Nanobody leads routinely cover formulations of such leads and methods for administering them.

License agreement with Unilever

Unilever holds licenses under the Nanobody-related intellectual property from the VUB for the use of Nanobodies in certain non-healthcare applications, such as washing and cleaning products, packaged food,

animal feed products, and non-medical cosmetics. In 2002, Ablynx entered into licensing arrangements with Unilever, whereby the Company was granted non-exclusive rights for the entire field of healthcare (except chromatography) to a number of the Nanobody-related patent applications and patents held by Unilever and Unilever was granted a non-exclusive sub-license, for affinity separation or purification in healthcare applications, to the patent applications and patents that Ablynx had licensed from the VUB and VIB for the healthcare field. In 2004, Ablynx entered into an agreement with Unilever and BAC (a spin-off from Unilever) under which BAC assumed all rights and obligations under the cross-licensing agreement signed in 2002.

License to the intellectual property from the National Research Council (Canada)

There is evidence that Nanobodies can be selected to cross endothelial cell layers such as the blood-brain barrier. Ablynx holds an exclusive license to the intellectual property from the National Research Counsel (Canada) ("NRC") that covers such Nanobodies. In addition, the Company also holds a license to a patent application from the NRC that relates to specific Nanobody sequences with a high degree of sequence homology to human germline sequences.

12.12 Manufacturing

There are a large number of contract manufacturing organizations with specific expertise and capacity for production using microbial systems. The Ablynx strategy is therefore to outsource process development and cGMP manufacturing of the Company's therapeutic Nanobodies to such companies. For ALX-0081, process development and cGMP manufacturing was successfully sub-contracted. A robust production and purification process was developed as well as an extensive analytical package. Sufficient material has already been produced to support the anticipated Phase I and possibly Phase IIa clinical trials. The developed process is suitable for scale-up up to commercial levels.

Ablynx does not plan to build or acquire its own cGMP manufacturing capabilities during the next three years.

12.13 Facilities

Ablynx rents a 2,860 square meter office and laboratory space from the VIB located at the Technologiepark in Ghent (Belgium) pursuant to a lease which expires on 31 December 2008, and it rents an 86 square meter laboratory space in Porto (Portugal) from IBMC Biocodex Porto.

The Company plans to identify additional space at the Technologiepark in Ghent from 2008 onwards. The Company intends to rent space in a major new building which is planned to be available in the first half of 2009 on the Technologiepark. The Company also plans to rent an additional 400 square meters of space in Porto with the intention of creating a center of excellence.

12.14 Human resources

As at 30 June 2007, Ablynx had 107 staff members. Seven of the Company's personnel are based in the Porto branch. The following table shows the evolution of the Company's headcount:

	As at December 31			As at June 30
	2004	2005	2006	2007
Research and development	28	39	68	83
Administrative[1]	10	14	17	24
Total	38	53	85	107
Leavers	(1)	(1)	(3)	(3)

(1) Includes the Executive Committee, intellectual property, facilities support, information technology, finance, human resources, quality and business development staff.

As illustrated by the above table, the Company's headcount both in terms of research and development personnel and overall has more than doubled since the end of 2005. The Company has experienced low staff turnover during the period. The Company expects to further increase staff numbers to approximately 140 to 150 by the end of 2007.

35% of the Company's staff is qualified to Ph.D. level. 99% hold at least a first degree. The key areas of scientific expertise covered by the Company's personnel include molecular biology, cell biology, immunology and pharmacology. Ablynx currently employs staff of nine different nationalities.

12.15 Competition

The pharmaceutical and biotechnology industries are intensely competitive, and any drug or drug candidate developed by Ablynx will compete with existing drugs and therapies. There are many pharmaceutical companies, biotechnology companies, public and private universities, government agencies and research organizations actively engaged in research and development of drugs or drug candidates targeting the same markets as the Company. The Company's drug development programs will be subject to significant competition from companies utilizing alternative technologies. In addition, as the principles of Nanobody drug candidates become more widely known and appreciated based on patent and scientific publications and regulatory filings, it is expected that the field will become more competitive.

The Ablynx technology competes with that of established pharmaceutical and biotechnology companies with expertise in classical mAbs as well as other companies developing therapeutic alternatives to mAbs. Given the limitations of current mAbs, the demand for next-generation alternatives to antibody drugs has been growing with various companies entering the market using differentiated approaches. Next generation technologies include drugs based on antibody scaffolds, such as engineered antibody fragments (for example, Domantis (now acquired by GlaxoSmithKline), Haptogen (acquired by Wyeth) and Trubion), antibodies with optimized Fc regions (for example, Biolex, BioWa, MacroGenics, and Xencor) and alternative scaffold-based immunotherapies (for example, Avidia (now acquired by Amgen). Adnexus (acquired by Bristol-Myers Squibb), Amunix, Pieris, Affibody, Archemix (based on oligonucleotides and Molecular Partners).

Ablynx believes it is well-positioned to successfully discover and develop drug candidates when compared to other companies which are pursuing alternatives to mAbs. Specifically, the natural origins of Nanobodies confer potential advantages with respect to immunogenicity, affinity, solubility and stability. Nanobody-based drug candidates may also be tailored to bind to multiple different targets and may be linked to serum proteins to extend their half-life, enhancing their flexibility to act against chronic as well as acute diseases. Nanobodies can be generated to many types of antigens, including protein surfaces, receptors such as G-PCRs, viral canyons, enzyme active sites and peptides, a much broader array of targets than can be pursued by conventional mAbs and some other competing approaches currently in development. To date, Nanobodies have been generated against over 100 potential disease targets and have been cited in over 130 peer-reviewed science articles and papers.

If the Company's ALX-0081 drug candidate is approved for the treatment of acute thrombosis, the Company anticipates that it would compete with a number of marketed protein therapeutics for the treatment of this indication including: Integrilin®/eptifibatide (Schering-Plough) and ReoPro®/abciximab (Centocor/Eli Lilly) and any generic versions of these drugs which may be developed. In addition, the ALX-0081 drug candidate may also compete with other anti-platelet therapies currently under development which could potentially be used in the treatment of acute thrombosis including Archemix's anti-vWF aptamer.

If the Company's partnered TNFα drug candidate is approved for the treatment of RA, it is anticipated that it would compete with other disease modifying anti-rheumatic drugs including methotrexate and other marketed protein therapeutics for the treatment of RA including Rituxan® (Genentech, Biogen Idec and Roche), Enbrel® (Amgen and Wyeth) Remicade® (Johnson & Johnson and Schering-Plough), Humira® (Abbott Laboratories), and Orencia® (BMS). Other targeted therapies under development that could potentially be used in the treatment of RA include ocrelizumab (Genentech and Biogen Idec), Humax-CD20™ (GenMab and GlaxoSmithKline), IMMU-106 (Immunomedics), Actemra® (Chugai and Roche) and Cimzia® (UCB).

12.16 Litigation

The Company has recently been notified by reMYND NV that a difference of interpretation exists between the Company and reMYND in respect of the trigger event for Ablynx's contractual obligation to pay reMYND 50% of any income received in respect of Nanobodies tested by reMYND for activity in animal models of Alzheimer's disease. Under its agreement with reMYND, Ablynx has the obligation to pay reMYND 50% of any income received if it licenses Nanobodies which were tested by reMYND, for activity in animal models of Alzheimer's disease, to a third party for development and commercialization.

The Company has a collaboration with BI, under which, at this time, no license to develop or commercialize any of the relevant Nanobodies has been granted. See "12.9 Collaborations and partnerships—Boehringer Ingelheim Agreements" for further details. If BI wishes to license those specific Nanobodies for development and commercialization, the Company intends to pay reMYND 50% of the income it receives from BI as a result of such licensing arrangement. The Company is currently discussing this difference of interpretation with reMYND. In the course of these discussions, reMYND has notified Ablynx that reMYND believes that Ablynx is in default of its obligations to reMYND. However, Ablynx firmly believes that the required trigger event has not occurred, including in respect of its agreements with BI, and intends to fully comply with its contractual obligations to reMYND if, and when, such trigger event would occur.

The Company has become aware that Unilever is currently engaged in clinical testing of a Nanobody-based product against rotavirus in a third world country. Ablynx firmly believes that this product is a medicinal product, and as such falls within the field of healthcare applications for which Ablynx has been granted an exclusive license under the patent estates from VUB and VIB (see the section on intellectual property). VIB shares Ablynx's view in this matter and VIB and Ablynx will make Unilever aware of their collective position. Although its main objective is to achieve an amicable resolution, Ablynx intends to use all reasonable means to protect its assets and the exclusive rights granted to it.

As mentioned in "12.11 Intellectual Property" the Company has also entered into a contractual arrangement with Domantis Ltd. (now acquired by GlaxoSmithKline), to allow Ablynx to use individual V_{HH} domains that were generated using expression libraries at its Porto site, in its Ghent laboratories and in countries where the European Winter-II patent is in force. GSK has notified Ablynx that it believes that a dispute exists relating to the interpretation of certain provisions of this agreement. The Company vigorously disagrees with GSK's interpretation and this matter is currently being discussed by senior management of both companies, with a view to reaching an amicable resolution. However, there can be no assurance that the matter will not ultimately need to be resolved through arbitration proceedings. The Company believes that, if GSK's reasoning were to be accepted in any arbitration proceedings, any damages awarded to GSK would, in all probability, not exceed the financial terms that are customary in the industry for licensing intellectual property relating to the use of expression libraries. In addition, if GSK's reasoning were to be accepted, Ablynx may have to relocate more of its current activities from its site in Ghent to its site in Portugal (where the Winter II patent is not in force), which may delay the development of Ablynx's products. However, any such delays, which would only begin after completion of arbitration proceedings, would not continue beyond the expiry of the term of the Winter-II patent in Europe in 2009.

As mentioned in the section "1 Risk Factors", a European patent belonging to the "Hamers-I" Patents (which besides this one granted European patent further comprises 7 granted US patents, 5 pending US applications and 4 pending European applications) has been opposed before the European Patent Office and is currently the subject of opposition proceedings, after the claims relating to Nanobodies from this patent were maintained in opposition proceedings. A hearing is scheduled to take place before the European Patent Office before the end of 2007.

13 REGULATION

13.1 Overview

The international pharmaceutical industry is highly regulated by government bodies. Regulations cover nearly all aspects of the Company's activities, from research and development and marketing to its manufacturing facilities and processes. In each country where it conducts its research and intends to market its drug candidates, the Company has to comply with standards laid down by the local regulatory authorities and by any other competent supra-national regulatory authority. These authorities notably include the EMEA in Europe and the FDA in the US, as well as other regulatory bodies depending on the relevant market.

These agencies impose substantial requirements on the research and development, production and manufacturing, and marketing and sales of drugs. These requirements govern the testing, manufacturing, quality control, safety, efficacy, labeling, storage, record keeping, approval, advertising, promotion and pricing of drugs.

The specific regulations and laws, as well as the time required to obtain marketing approval, may vary from country to country, but the general regulatory procedure for drug development is similar in Europe and the US. Before drug candidates can be tested in humans, they must undergo pre-clinical studies, to determine their safety. These studies include laboratory experiments and animal studies to evaluate the chemistry, formulation and stability of the drug candidate and assess its toxicity in animals. Upon successful completion of pre-clinical studies, regulatory agencies may grant approval for clinical studies, which are typically conducted in three sequential phases, Phases I (taking typically 1 year), II (2 years) and III (2 to 5 years), with Phase IV studies conducted after marketing approval. Phase IV trials are generally required for products that receive accelerated approval. These phases may be compressed, may overlap or may be omitted in some circumstances.

13.2 Phase I clinical studies

After a Request for Authorization (RfA) in Europe or an investigational new drug (IND) application in the US, becomes effective, Phase I human clinical studies can start.

Phase I clinical studies are initially conducted in a limited population to evaluate a drug candidate's safety profile, and the range of safe dosages that can be administered to the patient, including the maximum tolerated dose that can be given to a patient with the target disease. Phase I studies also determine how a drug candidate is absorbed, distributed, metabolized and excreted by the body, and its duration of action. In some cases, a sponsor may decide to conduct what is referred to as a "Phase Ib" evaluation, which is a second safety focused Phase I clinical study and which is designed to, for example, evaluate the impact of the drug candidate in combination with currently approved drugs or other questions. In the case of products for life-threatening diseases such as stroke, the initial human testing is often conducted in patients with the target disease rather than in healthy volunteers. These studies may provide initial evidence of efficacy traditionally obtained in Phase IIa clinical studies, and so these studies are frequently referred to as Phase I/II or Phase IIa studies.

13.3 Phase II clinical studies

As in Phase I studies, relevant ethics committee and regulatory authority approvals are required before initiating Phase II clinical studies. These studies are conducted in a limited patient population to further determine the possible adverse effects and safety risks for the drug candidate, evaluate its initial efficacy for specific indications and determine dose tolerance and optimal dosage. The first Phase II studies, which are sometimes referred to as Phase IIa, may be conducted in few patients to demonstrate preliminary safety and efficacy. Additional Phase II studies, which may be termed Phase IIb, may be conducted in a larger number of patients to confirm the safety and efficacy data generated in the Phase II studies and to refine optimal dosing. In some instances, a Phase II study may be declared acceptable by regulatory agencies to obtain marketing authorization for the drug.

13.4 Phase III clinical studies

As in Phase I and Phase II studies, relevant ethics committee and regulatory authority approvals are required before initiating Phase III clinical studies. These studies, which are sometimes referred to as registration or pivotal studies, are undertaken when Phase II clinical trials suggest that the drug candidate

is effective and has an acceptable safety profile and an effective dosage has been identified. In Phase III clinical studies, the drug is usually tested in a blinded controlled randomized trial comparing the investigational new drug to an approved form of therapy in an expanded and well-defined patient population and at a number of hospitals and medical practices. When no alternative is available, investigational drugs are tested against placebo. The goal of these studies is to obtain definitive statistical evidence of safety and efficacy of the investigational new drug as compared to an approved standard treatment or placebo, as the case may be, in defined patient populations with a given disease and stage of illness.

Regulatory agencies review the results of these studies and may discontinue them at any time. Upon completion of these clinical studies, the Company submits an application for market authorization to the relevant authority. After review of the application, the regulatory authority may grant market approval, deny the application or request additional information, including further clinical testing of the drug candidate. Marketing approval may be granted, but could be subject to additional clinical testing, referred to as Phase IV clinical studies, to monitor the drug after commercialization. Additionally, marketing approval may be subjected to limitations on the indicated uses for the drug.

After marketing approval is obtained, the marketed drug and its manufacturer will continue to be subject to regulations and review. Among the conditions for approval include requirements that the manufacturer of the drug complies with current Good Manufacturing Practices (cGMP) as well as ongoing inspection of manufacturing and storage facilities. Violations of regulatory requirements at any stage may result in, among other things, restrictions on the drug, withdrawal of market approval, injunctions, lines and criminal penalties.

14 MANAGEMENT AND GOVERNANCE

The description below of the management of the Company and its corporate governance structure and functioning shall, in certain respects, take effect upon completion of the Offering and listing of the shares of the Company.

14.1 Composition of the Board of Directors

The Board of Directors consists of 7 members, one of which is an executive director and 6 of which are non-executive directors, including three independent directors.

Name	Year of birth	Position	Term[1]	Professional Address	Board Committee Memberships
Edwin Moses[2]	1954	Chairman	2011	Technologiepark 4, 9052 Zwijnaarde, Belgium	—
Stephen Bunting	1953	Non-executive director	2011	Abingworth Management Ltd. 38 Jermyn Street, London SW1Y 6DN, United Kingdom	Member of the Nomination and Remuneration Committee
Sofinnnova Partners S.A., represented by its permanent representative, Denis Lucquin	1957	Non-executive director	2011	17 Rue de Surène, 75008 Paris, France	—
Frank Bulens	1963	Non-executive director	2011	GIMV Karel Oomsstraat 37 2018 Antwerp, Belgium	Member of the Audit Committee
Mats Pettersson[3]	1945	Independent director	2011	The Malt House 3 Home Farm Close Esher Surrey KT10 9HA England	Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee
Remi Vermeiren	1940	Independent director	2011	Boomgaardstraat 6, 9620 Zottegem, Belgium	Chairman of the Audit Committee
Geert Cauwenbergh	1954	Independent director	2011	Barrier Therapeutics, 600 College Road East, Suite 320, Princeton, NJ 8540-6697, United States of America	Member of the Nomination and Remuneration Committee

Notes:

(1) The term of the mandate of the director will expire immediately after the Annual Shareholders Meeting held in the year set forth next to the director's name. All directors were re-appointed at the Extraordinary Shareholders meeting held on 12 October 2007.

(2) First appointed as independent director by the Extraordinary Shareholders Meeting held on 21 October 2004. Mr. Moses has been re-appointed as executive director by the Extraordinary Shareholders Meeting held on 23 August 2006. Mr. Moses took up the position of CEO on 6 June 2006.

(3) Mr. Pettersson's address will become effective from the end of October 2007.

The following paragraphs contain brief biographies of each of the directors, or in case of legal entities being director, their permanent representatives, with an indication of other relevant mandates as member of administrative, management or supervisory bodies in other companies during the previous five years.

Edwin Moses—After completing his post-doctoral research in Germany, Edwin Moses began a commercial career with successful periods spent at Amersham International, Enzymatix and Raggio-Italgene. From 1993-2001, first as CEO and later as Chairman, he was responsible for the growth of Oxford Asymmetry (OAI) through a series of venture rounds cumulating in a flotation on the London Stock Exchange in 1998 at a value of €175m (£120m). This was followed by a sale of the company to Evotec Biosystems in 2000 for €460m (£316m). During this period, OAI grew from 4 people to over 250. Over the past five years Edwin has played an important role at Board level (primarily as Chairman) in over 15 European life science companies. During this time he has been involved in financing rounds totaling €200m, a series of M&A transactions and three IPOs. Edwin has been Chairman of Ablynx since 2004, and in 2006 Edwin accepted the offer by Ablynx's Board to extend his role as Chairman to include that of Chief Executive Officer. Apart from and in addition to his duties as CEO and Chairman of the Company, Edwin continues to be actively involved at Board level in the following companies: Clinphone Group plc (UK), Biofusion plc (UK), Phoqus Pharmaceuticals Ltd (UK) and Pharmaceutical Profiles Ltd (UK). Furthermore, in the past

five years, he has held Board memberships with the following companies: Proimmune Ltd (UK), Paradigm Therapeutics Ltd (UK), Avantium Technologies (the Netherlands), Ionix Pharmaceuticals Ltd (UK), Evotec OAI AG (Germany), Court Gardens Management Company (Goring-on-Thames) Limited (UK), Bioimage A/S (Denmark), Inpharmatica Ltd (UK), Clinphone Holdings Ltd (UK), Castlegate 211 Ltd (UK), Amedis Pharmaceuticals Ltd (UK), Centre for Scientific Enterprise Ltd (UK), Hammersmith Imanet Limited (UK), Inhibox Ltd (UK), London Technology Network Ltd (UK), Prolysis Ltd (UK) and ProPharma Ltd (UK).

Stephen Bunting—Stephen Bunting has more than 20 years' experience of life science venture capital investment. He joined Abingworth in 1987 and became its Managing Director in 2002. He has been a Director of a number of companies in the US and Europe and was Founding Chairman of Astex Therapeutics, Devgen and Hexagen. Other directorships have included Aurora Biosciences, Cantab Pharmaceuticals and Genetic Therapy. Before joining Abingworth, he worked for N M Rothschild & Sons who were advisers to Biotechnology Investments Limited. At Abingworth he is responsible for building and leading the team and for investment strategy. He is active in UK and Continental European deals. Stephen has a PhD in Biological Sciences. He is currently a member of the Board of the following companies: Abingworth LLP (UK), Abingworth Management Limited (UK), Astex Therapeutics Limited (UK) and Prosensa (the Netherlands). In the past five years, he has also served on the Board of: Devgen NV (Belgium), Galapagos NV (Belgium), Inpharmatica Limited (UK) and Lorantis Holdings Limited (UK).

Denis Lucquin (permanent representative of Sofinnova Partners S.A.)—Denis Lucquin is managing partner and chairman of Sofinnova Partners S.A.. He joined Sofinnova in 1991. After having obtained a degree in engineering from Ecole Polytechnique and Ecole du Génie Rural des Eaux et Forêts, Denis began his career in academic research. For five years, he was in charge of the technology transfer department at the Institut National de la Recherche Agronomique (INRA), France's agricultural research institute. In 1989, he joined the venture capital industry as director of investments at Innolion (Crédit Lyonnais). He carried out many investments in France and other European countries in companies such as Nicox, Exonhit, IDM, Neurotech, Innate Pharma, Neuro 3D, Oxford Glycosciences, Oxford Molecular, PPL Therapeutics, CropDesign, Metris Therapeutics, Cerenis, Ablynx, Novexel and Noxxon. He is currently a member of the board (in his own name or as the permanent representative of Sofinnova Partners S.A.) or advisory board member of the following companies: Sofinnova Partners SAS (France), Innate Pharma SAS (France), Noxxon Pharma AG (Germany), Inserm Transfert Initiative S.A. (France), Cerenis Therapeutics SA (France), Novexel SA (France) and Sequoia Pharmaceuticals Inc. (USA). Denis is also a founder of Association France Biotech. In the past five years, he has served as a member of the board (in his own name or as the permanent representative of Sofinnova Partners S.A.) or advisory board member of the following companies: Neuro 3D S.A. (France), DBV Technologies S.A. (France), Exonhit Therapeutics S.A. (France), IDM S.A. (France), Carex S.A. (France), Fovea S.A. (France).

Frank Bulens—Frank Bulens has been involved with Ablynx since its inception and is a founding Board member of the Company. After graduating in 1985 as Engineer in Chemistry/Biochemistry, he held a research position in the food industry for 2 years. Following completion of his PhD in Medical Sciences from the University of Leuven, he became a scientific staff member at the University's Centre for Molecular and Vascular Biology until 1997. Until 1998 he held a position as senior scientific advisor at the IWT, a Flemish governmental research fund organization. Frank Bulens joined GIMV in 1998 and is currently Executive Investment Manager. Frank has been involved with a significant number of life science investments both in Europe and the USA. He currently holds Board memberships with the following companies: Innate Pharma (listed on EuroNext Paris), Diatos (France) and Ceres (US). Frank has also been involved with other investments such as CareX in France (acquired by 7TM, Denmark), Inpharmatica (acquired by Galapagos) and Arrow Therapeutics (acquired by AstraZeneca) in the UK as well as a number of investments in the USA such as Nereus Pharmaceuticals, Aclara Biosciences merged with Virologic and renamed Monogram, X-Ceptor (acquired by Exelixis and Memory Pharmaceuticals (Nasdaq listed) in the USA. He has, in the past five years, held Board memberships with the following companies: Arrow Therapeutics Ltd (UK), CareX S.A. (France), AGY Therapeutics Inc. (US), Inpharmatica Ltd (UK), Neurotech S.A. (France), Innovatie- en Incubatiecentrum K.U.Leuven NV (Belgium). He is also a member of the Investment Advisory Committee of Adviesbeheer GIMV Life Sciences NV, Adviesbeheer GIMV Life Sciences 2004 NV and Adviesbeheer GIMV Life Sciences 2007 NV.

Mats Pettersson—Mats Pettersson has obtained a bachelor of science in Economics and Business Administration. He is the founder of Biovitrum AB, a spin out company from Pharmacia and one of the largest Biotech companies in Europe, and he was its first CEO from 2001 until 2007. After a career as a CPA (1968-1976) he joined the Pharmacia group in 1976 where he mainly worked in CFO and Business

Development positions. Before founding Biovitrum, he was Senior Vice President and a member of the management committee of Pharmacia Corporation. He has been responsible for most of the transforming mergers in Pharmacia and has spent more than 16 years abroad in his career. He is currently a board member of Lundbeck A\S and founder and vice chairman of Sweden Bio. In the past, he has held Board memberships with Biacore International AB (Sweden) and Active Biotech AB (Sweden).

Remi Vermeiren—Remi Vermeiren holds a degree in Commercial and Financial Sciences. Before he became an independent director of Ablynx, he had a 43 year long career at Kredietbank NV, which in 1998 merged with Cera Bank and ABB Insurance into KBC Bank and Insurance Group. In the earlier years, Remi was mainly involved in asset management, trading and administration of securities, treasury and international and investment banking. From 1989 on, Remi was member of the Executive Committee responsible for the day-to-day management of the bank. From 1998 until 2003, he held the function of Chairman of the KBC Bank and Insurance Group and of KBC Bank. During this period, Remi was mainly involved in defining the strategy of the new group, integration of the banking and insurance activities, implementation of the merger of the two banks and the associated cost reduction program, and the expansion of KBC into Central Europe where it became one of the most important Western European investors in the banking and insurance industry. Currently, Remi is also member of a number of quoted and non-quoted companies and of charitable organisations, including of "Foundation RV" set up and funded by himself. He is currently a member of the board or administrative management or supervisory bodies of the following companies: Ravago NV (Belgium), Cumerio NV (Belgium), Devgen NV (Belgium), ACP II SCA (Luxembourg), IFB SPA (Italy) and Zinner NV (Belgium). In the past five years, he has held positions as a member of the Board or administrative, management or supervisory bodies of the following companies: KBC Bank and Insurance Holding (Belgium), KBC Bank NV (Belgium), CSOB Bank (Czech Republic), Crédit Commercial de France (France), Hobbyrama NV (Belgium), Gondry SA (Belgium), Hout Van Steenberge NV (Belgium), Cometal NV (Belgium), Stock Van Wiemeersch NV (Belgium), Capital Markets Company NV (Belgium), Ardatis NV (Belgium), Afinia Plastics NV (Belgium), Euronext Holding N.V. (the Netherlands), Euronext Amsterdam N.V. (the Netherlands).

Geert Cauwenbergh—Prior to founding Barrier Therapeutics, Geert was Vice President of Technology of the Johnson & Johnson (J&J) Consumer and Personal Care Products Companies. In this capacity, he created technology platforms based on intellectual property and know-how owned by Johnson & Johnson, and developed a business proposition around these platforms as the basis for new companies or new businesses within or outside J&J. Geert is also a member, and Vice-Chairman, of the Board of Trustees of the Biotechnology Council of New Jersey, and was a member of the Board of Trustees of the New Jersey Center of Life Sciences from 2004 to 2006. He currently serves as the Trade Advisor to the Belgian Government for Health Care in the USA. In 2004 Geert became an Inductee of the New Jersey High Tech Hall of Fame. Previously, Geert served as Vice President of Research & Development of the J&J Consumer Companies Worldwide, managing a global organization of over 100 people, with an annual budget of $35 million, and he was a member of the J&J Business Development Council. In 1994, Geert became Vice President of Product Development and a member of the Management Board of the US J&J Consumer Company. Simultaneously he was the Director of the Corporate Skin Care Council of J&J, coordinating all skin care activities in the different operating groups of the Corporation. Earlier in his career, he held positions in sales, and national and international marketing, and he was responsible for the successful global introduction of Nizoral® (ketoconazole). Geert joined the R&D organization of the Janssen Research Foundation in 1982, where he held positions of increasing global responsibility and oversaw development of drugs such as Sporanox®, Nizoral® Shampoo, Terazol®, and topical Sufrexa®. His R&D activities have also involved him in the fields of psoriasis, acne, wound healing, atopic dermatitis, protozoal infections, and HIV. Geert has authored over 100 publications and co-authored several books. He received his Ph.D. in Medical Sciences from the Catholic University of Leuven, Faculty of Medicine, where he also completed his Masters and undergraduate work. Geert is currently the CEO of Barrier Therapeutics (US). In the past five years, he has also served as member of the Board of Intercept Inc. (US).

Litigation statement concerning the directors or their permanent representatives

Disclosure of litigation statement Directors

At the date of this Prospectus, none of the directors of the Company or, in the case of legal entities being director, none of their permanent representatives, has, other than as set out in the following paragraph, for at least the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive function as a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation, other than Frank Bulens, who was a member of the Board of AGY Therapeutics Inc. which filed for "Assignment for Benefit of Creditors" and went into liquidation, and Remi Vermeiren, who is a member of the supervisory bodies of ACP II SCA Luxembourg (Luxembourg) and IFB SPA (Italy), both of which are in the process of being liquidated;
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body), other than Remi Vermeiren. Remi Vermeiren was, in the context of a judicial inquiry into the alleged colaboration within KBLuxemburg and KBC with tax evasion by clients, together with 39 other individuals, inculpated by the examining magistrate ("onderzoeksrechter"). Such inculpation is formally disputed by Mr. Vermeiren and the matter is currently pending before the Chamber ("Raadkamer") of the Court of first instance ("Rechtbank van eerste aanleg"), which must as an independent judicial body determine whether the judicial inquiry has yielded sufficient incriminating elements which could justify a referral to the correctional court ("correctionele rechtbank") or whether a waiver of prosecution is granted;

  or,

- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

Senior executives

The Board of Directors has established an Executive Committee ("*directiecomité*") within the meaning of Article 524*bis* of the Belgian Company Code and Article 24 of the Company's articles of association. Until June 2007, the Executive Committee consisted of the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Scientific Officer and the Chief Business Officer. Since June 2007, the Executive Committee has been reinforced with a Chief Medical Officer and upon completion of the Offering and listing of the Company's shares, the Executive Committee will consist of 5 members. The current members of the Executive Committee are listed in the table below.

Name	Function	Year of birth
Edwin Moses	Chief Executive Officer	1954
Wim Ottevaere[(1)]	Chief Financial Officer	1956
Hennie R. Hoogenboom	Chief Scientific Officer	1963
Eva-Lotta Allan	Chief Business Officer	1959
Josefin-Beate Holz	Chief Medical Officer	1965

(1) Mr. Ottevaere acts as the permanent representative of Woconsult NV.

Following are biographies of the members of the Executive Committee.

Edwin Moses—please see above.

Wim Ottevaere (acting as the permanent representative of Woconsult NV)—Wim Ottevaere holds a Master's degree in business economics from the University of Antwerp (UFSIA), Belgium. From 1978 until 1989, he held various positions in finance and administration within the Dossche group. From 1990 until 1992, he served as Finance Director of Vanhout, a subsidiary of the Besix group, a large construction enterprise in Belgium. From 1992 until July 2006, Wim was Chief Financial Officer of Innogenetics, a biotech company listed on Euronext. Wim joined Ablynx in August 2006.

Hennie R. Hoogenboom—Hennie obtained a PhD from the Catholic University in Leuven, where his thesis was focused on antibody engineering. He has a degree from the Free University of Brussels in Chemical and Agricultural Engineering with specialization in biotechnology. Hennie Hoogenboom has 20 years of experience in antibody discovery and engineering. Hennie was an Associate Professor at Maastricht University, and a postdoctoral fellow with Sir Greg Winter (MRC, UK) and Susanna Rybak (NIH, USA). Before joining Ablynx (2005), he had been Senior Vice President, Discovery, at Dyax, and a Group Leader at Cambridge Antibody Technology.

Eva-Lotta Allan—Eva-Lotta Allan has brought 23 years of industry experience to Ablynx, with the last 13 years in business development. She joined Ablynx from Vertex Pharmaceuticals Incorporated where she held a number of positions between 2000-2006 and was most recently Senior Director of Global Business Development and Site Operations Vertex Europe. Prior to joining Vertex, Eva-Lotta held senior business development and sales and marketing roles at Amersham International, Oxford Asymmetry International (OAI) and Oxford GlycoSciences (OGS). Eva-Lotta holds a degree in microbiology from the University of Stockholm (Laborantskolan) and held a position for a number of years at the Karolinska Institute, in the department of Tumour Biology. In addition to her duties at Ablynx, Eva-Lotta is a Non-executive Director of Isconova (Sweden).

Josefin-Beate (Josi) Holz—Josi Holz holds a Medical Doctor's degree from the University of Marburg, Germany. She started her career in 1995 with Bristol-Myers Squibb (Munich, Germany), she has since held senior managerial and research roles in several biotechnology and pharmaceutical companies including: GPC Biotech, Allos Therapeutics Inc. and Gilead/OSI Pharmaceuticals. Prior to joining Ablynx in June 2007, Josi held the position of Vice President Drug Development at U3 Pharma AG. She has advanced small molecules and biologics from early to advanced stages of clinical development. Josi has considerable experience in leveraging external networks of advisors and collaborators to enhance the capabilities of internal teams.

Litigation statement concerning the members of the Executive Committee

At the date of this Prospectus, none of the members of the Executive Committee of the Company or, in the case of legal entities being members of the Executive Committee, none of their permanent representatives, has, for the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive function as a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or,
- has ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

14.2 Corporate governance

General provisions

This section summarizes the rules and principles by which the corporate governance of the Company has been organized pursuant to Belgian Company law, the Company's articles of association and the Company's corporate governance charter. It is based on the Company's articles of association that have been amended by the Extraordinary Shareholders Meeting of 12 October 2007 and on the Company's corporate governance charter, both of which will become effective upon completion of the Offering and listing of the Company's shares.

The Company's corporate governance charter has been adopted in accordance with the recommendations set out in the Belgian Corporate Governance Code (the "CGC") that was issued on 9 December 2004 by the Belgian Corporate Governance Committee. Corporate governance has been defined in the CGC as a set of rules and behaviors according to which companies are managed and controlled. The CGC is based on a "comply or explain" system: Belgian listed companies should follow the CGC, but may deviate from its provisions and guidelines (though not the principles) provided they disclose the justifications for such deviation.

The Company's Board of Directors intends to comply with the CGC, but believes that certain deviations from its provisions are justified in view of the Company's particular situation. These deviations include the following:

- Provision 1.5 CGC: For reasons of continuity in the management of the Company, the Chairman of the Board of Directors and the CEO shall be the same individual.
- Provision 7.4 CGC: Only the independent directors shall receive fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. In principle, they will not receive any performance related remuneration, nor will any options or Warrants be granted to them in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the Board of Directors may propose, at the Shareholders Meeting, to deviate from the latter principle if, in the Board of Directors' reasonable opinion, the granting of options or Warrants would be necessary to attract or retain independent directors with the most relevant experience and expertise.
- Provision 7.15 CGC: According to the CGC, the amount of the remuneration and other benefits granted directly or indirectly to the CEO should be disclosed on an individual basis. However, amongst other things based on privacy considerations, the Board of Directors has decided not to disclose the remuneration of the CEO on an individual basis, but to disclose the remuneration package of the CEO and the other members of the Executive Committee in the aggregate.
- Provision 8.9 CGC: Only shareholders who individually or collectively represent at least 20% of the total issued share capital may submit proposals to the Board of Directors for the agenda of any Shareholders Meeting. This percentage is in line with Article 532 of the Belgian Company Code (relating to the convening of a Shareholders Meeting) but deviates from the five percent threshold set out by the CGC.

The Board of Directors of the Company will review its corporate governance charter from time to time and make such changes as it deems necessary and appropriate. The charter will be made available on the Company's website (www.ablynx.com) and may be obtained free of charge at the registered office of the Company after completion of the Offering and listing. In its annual report for the financial year ending 31 December 2007, to be published in 2008, the Board of Directors will also devote a specific chapter to corporate governance, describing the Company's corporate governance practices during that year and including explanations on any deviations from the CGC, in accordance with the requirement to "comply or explain".

14.3 Board of Directors

General provisions

As provided by Article 521 of the Belgian Company Code, the Company is headed by a Board of Directors acting as a collegiate body. The Board of Directors' role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors should decide on the Company's values and strategy, its risk appetite and key policies. The Board of Directors should ensure that the necessary financial and human resources are in place for the Company to meet its objectives.

The Board of Directors believes that this involves a primary focus on long-term financial returns, while remaining sensitive to the interest of the stakeholders who are essential to a successful business: the Company's partners, shareholders and employees as well as the community and environment in which the Company operates.

The Company has opted for a two-tier governance structure. As a result, the governance structure of Ablynx is based on a distinction between:

- the management of Ablynx (including the daily management), a task conducted by the Executive Committee ("*directiecomité*") within the meaning of Article 524*bis* of the Belgian Company Code, within the framework of the general strategy defined by, and under the supervision of the Board of Directors; and
- the development of the general strategy of Ablynx, the supervision of the Executive Committee and the exercise of specific powers attributed by the Belgian Company Code, the Company's articles of

association and the Company's corporate governance charter, which fall within the powers of the Board of Directors.

In light of the foregoing and as provided by Article 522 of the Belgian Company Code, the Board of Directors is the ultimate decision-making body in the Company, except with respect to such areas which are reserved by law or by the Company's articles of association to the Shareholders Meeting. Without prejudice to the foregoing, the Board of Directors has reserved itself certain decision making powers which have not been delegated to the Executive Committee, such as any decision relating to a material variation to the terms of the board-approved standard confidentiality, assignment of inventions and/or non-compete undertakings, in an employment agreement or services agreement that is being negotiated with a (new) member of the Executive Committee; or any decision relating to the entering into, amendment of or termination of material in or out-licensing agreements.

The Company's articles of association prescribe that the number of directors of the Company, who may be natural persons or legal entities and who need not be shareholders, shall be at least 5. The exact number of directors shall be fixed from time to time by resolution of the Board of Directors. In any event, the Board of Directors shall be small enough for efficient decision-making. It shall be large enough so as to allow its members to contribute experience and knowledge from different fields and for changes to the Board of Directors' composition to be managed without undue disruption. The Board of Directors currently believes that the optimum number of directors is between 5 and 9. At least half of the members of the Board of Directors shall be non-executive directors, including at least three independent directors.

The directors of the Company are appointed by the Shareholders Meeting. However, in accordance with the Belgian Company Code, if the mandate of a director becomes vacant due to his death or resignation, the remaining directors have the right to temporarily appoint a new director to fill the vacancy until the first Shareholders Meeting after the mandate became vacant. The new director completes the term of the director whose mandate became vacant. The corporate governance charter, which will become effective upon closure of the Offering and listing of the shares of the Company, provides that directors may be appointed for a maximum (renewable) term of four years.

A meeting of the Board of Directors is validly constituted if there is a quorum, consisting of at least half of the members present in person or represented at the meeting. If this quorum is not present, a new board meeting may be convened to deliberate and decide on the matters on the agenda of the board meeting for which a quorum was not present. In any event, the Board of Directors may only validly proceed if at least two directors are present. Meetings of the Board of Directors are convened by the Chairman of the Board or by at least two directors, whenever the interests of the Company so require. In principle, the Board of Directors will meet at least five times per year.

The Chairman of the Board of Directors does not have a casting vote on matters submitted to the Board of Directors.

Chairman

The Company's corporate governance charter provides that the Board of Directors appoints a Chairman amongst its members. By way of deviation from Provision 1.5 of the CGC, upon completion of the Offering and listing of the shares, for reasons of continuity in the management of the Company, the Chairman of the Board of Directors and the CEO will be the same individual.

The Chairman of the Board of Directors is responsible for the leadership of the Board of Directors. The Chairman takes the necessary measures to develop a climate of trust within the Board of Directors, contributing to open discussion, constructive dissent and support for the decisions of the Board of Directors. The Chairman promotes effective interaction between the Board of Directors and the board committees, in particular the Executive Committee. The Chairman establishes a close relationship with the Executive Committee, providing support and advice, while fully respecting the executive responsibilities of the Executive Committee.

The Chairman has additional specific tasks. These are further described in the terms of reference of the Board of Directors as set out in the Company's corporate governance charter.

Independent directors

A director may only be considered an independent director if he or she meets at least the criteria set out in Article 524 of the Belgian Company Code, which may be summarized as follows:

(a) during a term of two years prior to his or her election he or she has not held a position as director, Executive Committee member, daily manager or executive in the Company (or an affiliate of the Company, if any). This requirement does not apply to the re-election of an independent director;

(b) he or she does not own any corporate rights that represent 10% or more of the share capital, the corporate funds or of a category of shares of the Company. If he or she has corporate rights which represent less than 10%, then:

   i. such rights, taken together with rights in the same Company held by companies over which he or she has control, may not represent 10% or more of the share capital, the corporate funds or of a category of shares of the Company; or

   ii. the disposal of these shares, or the exercise of the rights attached thereto may not be subject to agreements or unilateral commitments entered into by him or her;

(c) he or she is not the spouse of, is not the unmarried legal partner of, or is not a relative (via birth or marriage) up to the second degree of a person who;

   i. is a director, Executive Committee member, daily manager or executive in the Company (or an affiliate of the Company, if any); or

   ii. has a financial interest as set out under (b) above;

(d) he or she does not have a relationship with the Company that is of a nature to prejudice his or her independency.

In considering a director's independence, the criteria set out in the Company's corporate governance charter (reflecting the relevant provisions of the CGC) will be taken into account as well. The Board of Directors will disclose in its annual report which directors it considers to be independent directors.

The independent directors of the Company are Messrs Geert Cauwenbergh, Mats Pettersson and Remi Vermeiren.

14.4 Board committees

General

Without prejudice to the role, responsibilities and functioning of the Executive Committee as set out below under section "14.5 -Executive management—The Executive Committee", the Board of Directors may set up specialized committees to analyze specific issues and advise the Board of Directors on those issues. Such committees are advisory bodies only and the decision-making remains within the collegiate responsibility of the Board of Directors. The Board of Directors determines the terms of reference of each committee with respect to the organization, procedures, policies and activities of the committee.

Audit Committee

The Board of Directors has set up an Audit Committee. The Audit Committee must be composed of at least three members, which are exclusively non-executive directors.

To the extent possible, a majority of its members should be independent directors. The composition of the Audit Committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition may bring more relevant experience and expertise to the Audit Committee. The Audit Committee appoints a chairman amongst its members. The Chairman of the Board of Directors should not chair the committee.

The role of the Audit Committee is to supervise financial reporting and the observance of administrative, legal and fiscal procedures and the follow-up of financial and operational audits. It advises on the choice and remuneration of the Statutory Auditor.

The Audit Committee should report regularly to the Board of Directors on the exercise of its functions. It should inform the Board of Directors about all areas in which action or improvement is necessary in the opinion of the Audit Committee. The Audit Committee should produce recommendations concerning the

necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company (and its subsidiaries as a whole, should the Company incorporate subsidiaries, which at the date of this Prospectus is not the case).

The Audit Committee has specific tasks, which, amongst other things, relate to the supervision of the Company's financial reporting, internal controls and risk management, and the internal audit (should such an internal audit function be set up by the Company, which at the date of this Prospectus is not the case) and external audit process. These tasks are further described in the terms of reference of the Audit Committee, as set out in the Company's corporate governance charter. In principle, the Audit Committee will meet at least three times per year.

The members of the Audit Committee shall at all times have full and free access to the Chief Financial Officer ("CFO") and to any other employee to whom they may require access in order to carry out their responsibilities.

On completion of the Offering and listing of the Company's shares, the following directors shall be member of the Audit Committee: Remi Vermeiren (chairman), Frank Bulens and Mats Petterson.

Nomination and Remuneration Committee

The Board of Directors has set up a Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall consist of not less than three directors, or such greater number as determined by the Board of Directors at any time. All members shall be non-executive directors and at least a majority of its members shall be independent. The Board of Directors may deviate from these requirements if it believes that a different composition will contribute more relevant expertise to the Nomination and Remuneration Committee, if the number of (independent) directors does not so permit or for other reasons it deems fit. The CEO shall have the right to attend the meetings of the Nomination and Remuneration Committee in an advisory and non-voting capacity on matters other than those concerning himself. The Nomination and Remuneration Committee will elect a chairman from amongst its members.

The role of the Nomination and Remuneration Committee shall be to assist the Board of Directors in all matters:

- relating to the selection and recommendation of qualified candidates for membership of the Board or Directors;
- relating to the nomination of the CEO;
- relating to the nomination of the members of the Executive Committee, other than the CEO, upon proposal by the CEO;
- relating to the remuneration of independent directors;
- relating to the remuneration of the CEO;
- relating to the remuneration of the members of the Executive Committee, other than the CEO, upon proposal by the CEO; and
- on which the Board of Directors or the Chairman of the Board or Directors requests the Nomination and Remuneration Committee's advice.

The Nomination and Remuneration Committee has specific tasks. These are further described in the terms of reference of the Nomination and Remuneration Committee as set out in the Company's corporate governance charter. In principle, the Nomination and Remuneration Committee will meet at least twice per year.

On completion of the Offering and listing of the Company's shares, the following directors shall be member of the Nomination and Remuneration Committee: Mats Petterson (chairman), Geert Cauwenbergh and Stephen Bunting.

14.5 Executive management

General provisions

The Board of Directors has established an Executive Committee ("*directiecomité*") within the meaning of Article 524*bis* of the Belgian Company Code and Article 24 of the Company's articles of association. The

terms of reference of the Executive Committee have been determined by the Board of Directors in close consultation with the CEO.

The Executive Committee

The Executive Committee has the authority to exercise the management powers of Ablynx, except for the determination of the Company's strategy, the supervision of the Executive Committee, and the powers explicitly reserved by law, the articles of association or the Company's corporate governance charter to the Board of Directors and the Shareholders Meeting. In general, the role of the Executive Committee is to run the Company in line with the values, strategies, policies, plans and budgets endorsed by the Board of Directors. The Executive Committee shall be collectively responsible for the Company's management and the general affairs of the Company's business. In discharging its duties, the Executive Committee shall be guided by the interests of the Company and its business; it shall take into account the relevant interests of all those involved in the Company, including the Company's shareholders.

The Executive Committee has responsibility for specific tasks, in particular, for:

- studying, preparing and defining, under the leadership of the CEO, the strategic options and proposals that may contribute to the development of the Company;
- developing proposals for policies to be submitted to Board of Directors for approval and then the implementation of such policies, which include, amongst other things:
    - financial management (financial strategy policies including funding and solvency matters);
    - risk management (policies related to the risk profile of the Company, systems to identify, assess, manage and monitor financial and other risks), without prejudice to the tasks of the Audit Committee;
    - business conduct (key policies on private investments, general business conduct, etc.); and
    - any other matter where the Board or Directors or the CEO consider that the Board of Directors should set a policy;
- under the leadership of the CEO, ensuring the management of the Company by, *inter alia*, developing and implementing policies that fall within the Executive Committee's remit; giving direction, guidance and support to the Company; have responsibility and be accountable for the complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with the accounting standards and policies of the Company; present the Board of Directors with a balanced and understandable assessment of the Company's financial situation; provide the Board of Directors in due time with all information necessary for the Board to carry out its duties;
- monitoring: performance, as against strategic goals, plans and budgets; and ensuring compliance with applicable laws, regulations and policies and standards, etc.;
- risk management: managing the various risks within the framework of the risk policies, this includes setting up risk management systems and internal controls;
- reporting: preparing the external financial statements, as well as other financial and non financial external reports and management information;
- internal and external communication, including investor relations;
- assisting the CEO in fulfilling his other responsibilities;
- exercising other powers and duties entrusted by the Board of Directors in specific matters upon proposal by the CEO.

The further tasks that the Executive Committee has responsibility for are described in greater detail in the terms of reference of the Executive Committee as set out in the Company's corporate governance charter.

The Executive Committee is at all times composed of at least three members, whether or not directors. All executive directors are members of the Executive Committee. The Executive Committee is chaired by the CEO of the Company.

The members of the Executive Committee are appointed and may be dismissed by the Board of Directors at any time. The Board of Directors appoints them on the basis of the recommendations of the Nomination and Remuneration Committee.

The members of the Executive Committee are appointed for an unlimited period. Persons who are no longer associated with the Company by way of an employment or management agreement may no longer form part of the Executive Committee. In addition, members of the Executive Committee shall resign in the event of inadequate performance, structural differences of opinion, incompatibility of interests and other instances where resignation is deemed necessary at the discretion of the Board of Directors.

Without prejudice to the fact that the Executive Committee is a collegiate body and has a collective responsibility, every member of the Executive Committee has specific tasks and responsibilities.

In principle, the Executive Committee meets once each month. Additional meetings may be called at any time by the CEO or at the request of two members. The Executive Committee shall constitute a quorum when all members have been invited and the majority of the members are present or represented at the meeting. The resolutions of the Executive Committee shall be passed unanimously. If unanimity cannot be reached, the matter shall be referred to the Board of Directors, which shall decide upon the matter at its next meeting.

The members of the Executive Committee shall provide the Board of Directors with information in a timely manner, if possible in writing, on all the facts and developments concerning the Company which the Board of Directors may need in order to function as required and to properly carry out its duties. The CEO (or, in the event the CEO would not be able to attend a meeting of the Board of Directors, another representative of the Executive Committee) shall report at every meeting of the Board of Directors on the material deliberations and material decisions of the previous meeting(s) of the Executive Committee. The Board of Directors may at any time invite members of the Executive Committee to attend the meetings of the Board of Directors to discuss the policy they pursue.

Chief Executive Officer

The CEO of the Company is responsible, together with the other members of the Executive Committee, for

- directing the business in order to achieve the mission of the Company;
- establishing current and long-term strategies, objectives, plans and policies subject to the approval of the Board of Directors; and
- representing the Company with its major partners, the financial community, the government and the public.

The CEO is responsible to the Board of Directors for assuring the profitability, growth, high ethical standards and favorable image of the Company.

Without prejudice to the role of the Executive Committee as a whole as set out above, the CEO shall in particular:

- be the chief strategy officer and the top executive leader of the Company;
- enable the Board of Directors to exercise its responsibilities; and
- ensure the day-to-day management of the Company (together with the other members of the Executive Committee) and exercise other powers and duties entrusted by the Board of Directors or the Executive Committee in specific matters.

The CEO also has responsibility for other specific tasks, these are described in greater detail in the terms of reference of the CEO, as set out in the Company's corporate governance charter.

14.6 Remuneration of directors and executive management

Directors

The independent directors only, shall receive fixed remuneration in consideration for their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. They will not receive any performance related remuneration, nor will any options or Warrants be granted to them in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the Board of Directors may propose to the Shareholders Meeting to deviate from the latter principle if in the Board of Directors' reasonable opinion the granting of options or Warrants would be necessary to attract or retain independent directors with the most relevant experience and expertise. None

of the other directors will receive any remuneration in consideration for their membership of the Board of Directors.

Notwithstanding the above, all directors (including those who are not independent) will keep the Warrants granted to them prior to the completion of the Offering and listing of the Company's shares.

The Nomination and Remuneration Committee recommends the level of remuneration for independent directors, subject to approval by the Board of Directors and, subsequently, by the Shareholders Meeting. The Nomination and Remuneration Committee benchmarks independent directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees. The remuneration package for the independent directors approved by the Shareholders Meeting of 12 October 2007 is made up of a fixed annual fee of €15,000. The fee is supplemented with a fixed annual fee of €5,000 for membership of each committee of the Board of Directors**.** Changes to these fees will be submitted to the Shareholders Meeting for approval.

Apart from the above remuneration for independent directors, all directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred as a result of participation in meetings of the Board of Directors.

Without prejudice to the powers granted by law to the Shareholders Meeting, the Board of Directors sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the committees and the rules for reimbursement of directors' business-related out-of-pocket expenses. Remuneration of directors will be disclosed to the Company's shareholders in accordance with applicable laws and regulations.

The directors' mandate may be terminated "*ad nutum*" (at any time) without any form of compensation.

There are no loans outstanding from Ablynx to the members of the Board of Directors.

The total remuneration and benefits paid to the directors in 2006, 2005 and 2004 was €29,000, €29,000 and €95,000 respectively (gross amount, excluding VAT and Warrants).

Executive management

The remuneration of the members of the Executive Committee is determined by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee, after the recommendation of the CEO to such committee (except in respect of his own remuneration).

The remuneration of the members of the Executive Committee is designed to hire, retain and motivate high quality executive managers.

The remuneration of the members of the Executive Committee currently consists of the following elements:

- each member of the Executive Committee is entitled to a basic fixed compensation designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;
- the Company pays each member of the Executive Committee variable compensation, dependent on the Executive Committee member meeting their specified individual and team objectives;
- each member of the Executive Committee currently participates in, and/or in the future may be offered the possibility to participate, in a stock based incentive scheme, in accordance with the recommendations set by the Nomination and Remuneration Committee, after the recommendation by the CEO to such committee (except in respect of his own remuneration);
- apart from the CFO, each member of the Executive Committee is entitled to a number of fringe benefits, which may include participating in a defined contribution pension or retirement scheme, disability insurance and life insurance, a company car, and/or a lump-sum expense allowance according to general Company policy.

Currently, all members of the Executive Committee are engaged on the basis of a service agreement, which can be terminated at any time, subject to certain pre-agreed notice periods, which may, at the discretion of the Company be replaced by a corresponding compensatory payment. No other termination payments are foreseen. All service agreements include non-competition undertakings, as well as confidentiality and IP transfer undertakings.

The total remuneration and benefits paid to the members of the Executive Committee and their connected persons in 2006 was approximately €1.2 million (gross amount, excluding VAT and stock based compensation). For income year 2007, the total remuneration and benefits for the members of the Executive Committee will be likely to increase to approximately €1.6 million (gross amount, including fringe benefits but excluding stock based compensation).

By way of deviation from the CGC, the Board of Directors has currently opted not to disclose the individual remuneration of the CEO, due to privacy reasons and as the Board of Directors believes that the remuneration of the CEO is set at reasonable market standards.

14.7 Shares and Warrants held by directors and executive management

Shares and Warrants held by directors

The shares or Warrants held by the Executive director (who is the CEO) on completion of the Offering and listing of the shares of the Company are set out in the following section.

In addition, on 12 October 2007, the Extraordinary Shareholders Meeting of the Company also decided to issue, subject to completion of the Offering, in aggregate a number of new "personnel" warrants equal to a number of warrants giving right to subscribe for a number of shares corresponding to EUR 75,000 divided by the Offer Price each with the right to subscribe for one new share of the Company, in cash at the Offer Price, to be granted (prior to listing of the Company's shares) to the independent directors of the Company.

None of the other non-executive directors owns any shares or Warrants in the Company.

Shares and Warrants held by executive management

The table below provides an overview (as at 12 October 2007) of the shares and Warrants held by the members of the Executive Committee, including the executive directors taken into account the share consolidation. This overview must be read together with the notes referred to below. The table takes into account the Share Consolidation.

	Total shares and Warrants		Shares		Warrants	
Name	**Number[1]**	**%**	**Number[1]**	**%**	**Number of shares[1]**	**%**
Members of the Executive Committee[2]	1,262,500	4.83%[6]	50,000[3]	0.21%[5]	1,212,500[4]	4.64%[6]

(1) In number of shares, taking into account the two-for-one consolidation of the common shares of the Company approved by the EGM of 12 October 2007 and the corresponding change to the existing warrants' exercise ratio.

(2) The members of the Executive Committee are identified in section "14.1 Executive Management—The Executive Committee".

(3) Hennie R. Hoogenboom, Chief Scientific Officer, holds through his management company, BioQuest BV, 50,000 shares in the Company.

(4) Edwin Moses, Chairman of the Board of Directors and CEO holds warrants giving the right to subscribe for 587,500 shares, Hennie R. Hoogenboom, Chief Scientific Officer, holds through his management company, BioQuest BV, holds warrants giving the right to subscribe for 175,000 shares; Wim Ottevaere, Chief Financial Officer, holds through his management company, Woconsult NV, warrants giving the right to subscribe for 150,000 shares. Eva-Lotta Allan, Chief Business Officer, holds holds warrants giving the right to subscribe for 150,000 shares. Josi Holz, Chief Medical Officer, holds holds warrants giving the right to subscribe for 150,000 shares.

(5) As a percentage of the total outstanding shares.

(6) As a percentage of the total fully diluted shares (without taking into account (i) the issue, by the Extraordinary Shareholders Meeting of the Company on 12 October 2007, of "personnel" warrants to be granted to the independent directors of the Company) and (ii) the issue of new Shares further to any exercise of the Over-allotment Option).

Stock option plan

The Company created Warrants within the context of various stock option plans for employees, consultants or directors of the Company. For a description of the various stock option plans, see also section "16.5 Description of share capital and corporate governance—Warrants".

14.8 Statutory Auditor

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, a civil company having the form of a co-operative company with limited liability ("*Burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid*") organized and existing under the laws of Belgium, with registered office at Woluwedal, B-1932 Sint-Stevens-Woluwe, Belgium, represented by Raf Vander Stichele BVBA, itself represented by Raf Vander Stichele, has been re-appointed as Statutory Auditor of Ablynx on 28 April 2005 for a term of three years ending immediately after the Shareholders Meeting to be held in 2008 that will have deliberated and resolved on the financial statements for the financial year ended on 31 December 2007.

The annual remuneration of the Statutory Auditor for the performance of its three year mandate for the audit of the Belgian statutory financial statements (GAAP accounts) of the Company amounts to €12,500 (excluding VAT).

The remuneration for the audit of the Company's 2004, 2005 and 2006 annual accounts and the review of the half year accounts at June 30, 2007, prepared in accordance with IFRS, as adopted by the EU, was €70,000. The Board of Directors has agreed an audit fee of €30,000 for both the Belgian GAAP and IFRS accounts of the Company for 2007.

15 RELATIONSHIP WITH SIGNIFICANT SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

15.1 Related party transactions

General

Each director and member of the Executive Committee is encouraged to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the Company. The Company's corporate governance charter contains specific procedures to deal with potential conflicts.

Conflicts of interest of directors

Article 523 of the Belgian Company Code provides for a special procedure within the Board of Directors in the event of a possible personal financial conflict of interest of one or more directors with one or more decisions or transactions by the Board of Directors.

In the event of a conflict of interest, the director concerned must inform his or her fellow directors of his or her conflict of interest before the Board of Directors deliberates and takes a decision in the matter concerned. Furthermore, the conflicted director may not participate in the deliberation and voting by the Board of Directors on the matter that gives rise to the potential conflict of interest. The minutes of the meeting of the Board of Directors must contain the relevant statements by the conflicted director, and a description by the Board of Directors of the conflicting interests and the nature of the relevant decision or transaction.

The minutes must also contain a justification by the Board of Directors for the decision or transaction, and a description of the financial consequences thereof for the Company. The relevant minutes must be included in the (statutory) annual report of the Board of Directors and be registered with the office of the clerk of the Commercial Court competent for the registered offices of the Company (currently the Commercial Court of Ghent), where it will be made available as part of the Company's public record. The conflicted director must also notify the Statutory Auditor of the conflict. The Statutory Auditor must describe in its annual (statutory) audit report the financial consequences of the decision or transaction that gave rise to the potential conflict.

In case of non-compliance with the foregoing, the Company may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach.

The procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions. It also does not apply to transactions or decisions between companies of which one holds (directly or indirectly) at least 95% of the voting financial instruments of the other, and transactions or decisions between companies whereby at least 95% of the voting financial instruments of both companies are (directly or indirectly) held by another company.

The Company has, in the past (in the financial years 2004, 2005 and 2006), applied this procedure in a number of cases, and has registered the minutes of the meetings where this procedure has been applied with the office of the clerk of the Commercial Court of Ghent (included in the Company's annual report), where it is kept on public record as part of the Company's file.

Conflicts of interest of members of the Executive Committee

The Company's Executive Committee qualifies as an executive committee within the meaning of Article 524*bis* of the Belgian Company Code ("*directiecomité*").

Article 524*ter* of the Belgian Company Code provides for a similar procedure as the procedure to be applied when a member of the Board of Directors has a conflict of interest (as set out above in "15.1 Related Party Transactions—conflicts of interest of directors") in the event of a conflict of interest of members of the Executive Committee. In the event of such a conflict, only the Board of Directors will be authorized to take the decision that has led to the conflict of interest within the Executive Committee.

15.2 Existing conflicts of interest of members of the Board of Directors and of the Executive Committee

Currently, as far as the Company is aware, none of the directors or the members of the Executive Committee have a conflict of interest within the meaning of Article 523 or, as the case may be, Article 524*ter* of the Belgian Company Code that has not been disclosed to the Board of Directors, or, as the case may be, to the Executive Committee. Other than potential conflicts arising in respect of compensation-related matters, the Company does not foresee any other potential conflicts of interest in the near future.

Transactions with affiliates

Article 524 of the Belgian Company Code, which will apply to the Company following completion of the Offering, provides for a special procedure that applies to intra-group or related party transactions with affiliates. The procedure applies to decisions or transactions between the Company and affiliates of the Company that are not a subsidiary of the Company. It also applies to decisions or transactions between any of the Company's subsidiaries and such subsidiaries' affiliates that are not a subsidiary of the Company. Prior to any such decision or transaction, the Board of Directors of the Company must appoint a special committee consisting of three independent directors, assisted by one or more independent experts. This committee must assess the business advantages and disadvantages of the decision or transaction for the Company. It must quantify the financial consequences thereof and must determine whether or not the decision or transaction causes a disadvantage to the Company that is manifestly illegitimate in view of the Company's policy. If the committee determines that the decision or transaction is not manifestly illegitimate, but is of the opinion that it will prejudice the Company, it must clarify which advantages are taken into account in the decision or transaction to compensate the disadvantages. All these elements must be set out in the committee's advice. The Board of Directors must then take a decision, taking into account the opinion of the committee. Any deviation from the committee's advice must be explained. Directors who have a conflict of interest are not entitled to participate in the deliberation and vote (as set out in section "15.1 Related Party Transactions—conflicts of interest of directors" above). The committee's advice and the decision of the Board of Directors must be notified to the Company's Statutory Auditor, who must render a separate opinion. The conclusion of the committee, an excerpt from the minutes of the Board of Directors and the opinion by the Statutory Auditor must be included in the (statutory) annual report of the Board of Directors.

The procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions, and transactions or decisions with a value of less than 1% of the (consolidated) net assets of the Company.

On completion of the Offering and the listing of the shares of the Company, the Company will not have a controlling parent company.

15.3 Relationships with Significant Shareholders

The following direct or indirect relationships exist between the Company and its Significant Shareholders:

- The Company has entered into a number of Services and Lease Agreements with VIB in respect of the Company's current offices and research facilities in Ghent (see "12.13 Business—Facilities" for further information on these facilities).

The Company has no knowledge of any shareholders' agreement that would be effective upon completion of the Offering and listing of the Company's shares, other than the specific Lock-up and Standstill agreement described in section "5.10 Information on the Offering—Lock-up and Standstill arrangements".

16 DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

16.1 General

The Company was incorporated on 4 July 2001 under the name "MatchX". It changed its name to "Ablynx" on 12 June 2002. Ablynx is a public limited liability company ("*naamloze vennootschap" or "NV*") organized and existing under the laws of Belgium with registered office at Technologiepark 4, B-9052 Zwijnaarde, Belgium (company number 0475.295.446 (Ghent)). Pursuant to the Belgian Company Code, the liability of shareholders of a public limited liability company is limited to the amount of their respective committed capital contribution to the capital of the Company. The Company may be reached by telephone at the number +32.9.262.00.00.

The Company's corporate purpose, share capital and corporate structure and the material rights of its shareholders under Belgian law and the Company's articles of association are summarized below. This summary is based on the Company's articles of association as amended by the Extraordinary Shareholders Meeting of 12 October 2007 and that will become effective upon completion of the Offering and listing of the Company's shares and VVPR Strips.

At its meeting of 12 October 2007, the Extraordinary Shareholders Meeting of the Company passed, amongst other things, the following resolutions:

- Subject to the condition precedent (hereinafter, any conditions which are set out shall be considered to be conditions precedent, unless specifically mentioned otherwise) of the completion of the Offering, acknowledgment of various transfers of shares of the Company between shareholders so that all shareholders hold an even number of shares;
- Subject to the completion of the Offering, cancellation of the existing classes of shares of the Company and conversion of all shares (including the preferred and non-preferred shares) into common shares;
- Subject to the completion of the Offering, consolidation of the Company's common shares at a two-for-one consolidation ratio, whereby any two existing common shares of the Company held prior to consolidation will entitle their holder to one consolidated common share of the Company;
- Subject to the completion of the Offering, amendments to the terms and conditions of the existing (personnel) warrants, taking into account the cancellation of the existing classes of shares, the two-for-one share consolidation and the terms and conditions of the trading windows set out in the Dealing Code approved by the Board of Directors (subject to the listing of the Company's shares on Eurolist by Euronext Brussels);
- Subject to the completion of the Offering, acknowledgement of the lapse (in accordance with their terms) of any existing "anti-dilution" warrants;
- Subject to the completion of the Offering, increase of the Company's share capital within the framework of the proposed Offering and listing, by way of a contribution in cash in a maximum amount of €115,000,000.00, by issuing new common shares of the Company;
- Approval of the terms and conditions of the capital increase and delegation to the Board of Directors;
- Issuance of a number of new "personnel" warrants equal to a number of warrants giving right to subscribe for a number of shares corresponding to EUR 75,000 divided by the Offer Price, subject to the completion of the Offering and to the grant of these "personnel" warrants to and the acceptance of such offered "personnel" warrants by, the beneficiaries of this stock option plan;
- Subject to the completion of the Offering, issue of and subscription to an Over-allotment Option entitling the holder thereof to subscribe for a maximum number of New Shares equal to 15% of the New Shares that will be issued in connection with the Offering (excluding, for the avoidance of doubt, the new shares issued pursuant to the exercise of this Over-allotment Option). The Over-allotment Option is issued in the framework of the contemplated Offering;
- Subject to the completion of the Offering, authorization to the Board of Directors to increase the Company's share capital, in one or several times, with a maximum aggregate amount equal to the amount of the Company's share capital after completion of the Offering, without taking into account the possible capital increase pursuant to the exercise of the Over-allotment Option;

- Amendment of the Company's Articles of Association in respect of the composition of the Board of Directors;
- Subject to the completion of the Offering, further amendments to and restatement of the Company's Articles of Association in view of the contemplated capital increase and the proposed listing of the Company; and
- Termination and appointment of directors.

The aforementioned resolutions of the Extraordinary Shareholders Meeting of 12 October 2007, including the cancellation of the existing classes of shares, the conversion of the Company's shares and related amendments to the terms and conditions of the Warrants and the amendment and restatement of the Company's articles of association, are subject to the completion of the Offering and listing of the Company's shares and VVPR Strips on Eurolist by Euronext Brussels.

The description hereafter is a summary only and does not purport to give a complete overview of the articles of association, nor of all relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters. The description below assumes that the changes to the Company's articles of association, which were approved on 12 October 2007, subject to the condition precedent of the closure of the Offering and the listing of the shares and VVPR Strips on Eurolist by Euronext Brussels, have become effective.

16.2 Corporate purpose

The corporate purpose of the Company is set forth in Article 3 of its articles of association and reads as follows:

"*The purpose of the Company is:*

- *the exploitation of biological, chemical or other products, processes and technologies in the sector of life sciences in general and the sector of diagnostics, medicines, pharmaceuticals, cosmetics, chemistry and agro-industry including amongst others veterinary products in particular. "Exploitation" means, amongst others, all activities of research, development, production, marketing and commercialization;*
- *the acquisition, purchase, sale, licensing, exploitation and realization of intellectual property rights with regard to the above mentioned activities;*
- *the study, consulting, developing and offering of expertise, engineering and provision of any services with regard to the above mentioned activities.*

It may undertake all possible commercial, industrial, financial, movable and immovable transactions, that are directly or indirectly related to its corporate purpose or that are such that they stimulate the realization or development thereof.

It may participate in all companies, associations and undertakings, in Belgium as well as abroad, by way of a contribution, subscription, transfer, participation, legal merger, financial intervention or otherwise, and may as well exercise the functions of director and receiver in case of liquidation in other companies.

The Company may use its assets to guarantee both its own commitments and commitments of third parties."

16.3 Group structure

Ablynx's main business is conducted through the Company itself.

Ablynx has not incorporated any subsidiaries. It is, however, present in Portugal, through a branch office, located at 823 Rua do Campo Alegre, 4150-180 Porto.

16.4 Share capital and shares

On the date of this Prospectus, the Company's registered capital amounts to €71,685,964.25 (€45,151,223.63 subscribed capital and €26,534,740.62 issuance premium), represented by 24,037,353 registered shares (reflecting the Share Consolidation) without nominal value. The capital is fully paid up.

Development of capital

The table below provides an overview of the history of the Company's share capital since its incorporation in 2001. It does not however take into account historic share transfers (for an overview of the shareholding

of each existing shareholder prior to the Offering, see section "15 Relationship with Significant Shareholders and related party transactions" for further details.) The overview should be read together with the notes set out below the table. The historic transfers of shares (in 2001 from GIMV to BFV and in 2002 from GIMV to AGLS) were intra-group re-allocations, which occurred at (or close to) the issue price of these shares.

Date	Transaction	Number and class of shares issued	Issue price per share (€) (including issuance premium)	Capital increase (€)	Share capital (including issuance premium) after transaction	Aggregate number of shares after capital increase
Incorporation						
4 July 2001	Incorporation[1]	1,000,000 Class A 1,000,000 Class B	€0.030987	€61,974.00	€61,974.00	2,000,000
9 October 2001	Capital increase in cash[2]	181,437 Class C	€0.0311433	€5,650.55	€67,624.55	2,181,437
First Tranche of Phase I						
14 November 2001 . .	Capital increase in cash[3]	2,000,000 Class A	€1.00	€2,000,000.00	€2,067,624.55	4,181,437
14 November 2001 . .	Capital increase in kind[4]	1,500,000 Class B	€1.00	€1,500,000.00	€3,567,624.55	5,681,437
Second Tranche of Phase I External Capital Round						
1 August 2002	Capital increase in cash[5]	3,000,000 Class D	€1.00	€3,000,000.00	€6,567,624.55	8,681,437
Phase II External Capital Round						
31 March 2004	Capital increase in cash[6]	19,230,769 Class E	€1.30	€24,999,999.70	€31,567,624.25	27,912,206
Phase III External Capital Round						
23 August 2006	Capital increase in cash[7]	20,000,000 Class F	€2.00	€40,000,000.00	€71,567,624.25	47,912,206
Exercise Warrants						
2 April 2007	Capital increase in cash upon the exercise of Warrants[8]	150,000 Class C	€0.70	€105,000.00	€71,672,624.25	48,062,206
12 October 2007	Capital increase in cash upon the exercise of Warrants[8]	12,500 Class C	€0.70	€8,750.00	€71,681,374.25	48,074,706
Share Consolidation . .						**24,037,353**

(1) The shares were subscribed for by GIMV NV (1,000,000 Class A) and Vlaams Interuniversitair Instituut voor Biotechnolgie VZW ("VIB") (1,000,000 Class B) and immediately fully paid up.

(2) The shares were subscribed for by Mr. Mark Vaeck (181,437 Class C) and each share was paid up for a quarter. These shares were fully paid up in May 2007.

(3) The shares were subscribed for by GIMV NV (1,500,000 Class A) and Biotech Fund Flanders (500,000 Class A) and immediately fully paid up.

(4) The shares were subscribed for by VIB (1,500,000 Class B) and immediately fully paid up by way of a contribution in kind of an perpetual and exclusive right to use certain intellectual property rights. For more information in this respect, reference is made to section "5.5 Information on the Offering—Over-allotment and stabilization".

(5) The shares were subscribed for by Sofinnova Capital IV FCPR (2,000,000 Class D) and Gilde Europe Food and Agribusiness Fund BV (1,000,000 Class D) and immediately fully paid up.

(6) These shares were subscribed for by Abingworth Bioventures IV, LP (5,338,846 Class E) and Abingworth Bioventures IV Executives, LP (45,769 Class E)), ACP IV, LP (4,230,769 Class E), GIMV NV (2,451,923 Class E), Adviesbeheer GIMV Life Sciences NV (432,692 Class E) and Biotech Fund Flanders (961,539 Class E)), Gilde Europe Food and Agribusiness Fund BV (1,923,077 Class E) and Sofinnova Capital IV FCPR (3,846,154 Class E) and each share was only partially paid up (€0.2794381/Class E share, *i.e.*, more than a quarter of the capital represented by each Class E share), it being understood that the share premium for each share (*i.e.*, €0.3705619/Class E share) was immediately fully paid up. These shares were fully paid up in March 2005.

(7) These shares were subscribed for by GIMV NV (1,441,042 Class F), Adviesbeheer GIMV Life Sciences NV (254,302 Class F) and Biotech Fund Flanders (3,000,000 Class F), Sofinnova Capital IV FCPR (4,009,507 Class F), Gilde Europe Food and Agribusiness Fund BV (2,154,753 Class F), ACP IV, LP (2,040,396 Class F), Abingworth (Bioventures IV, LP (2,230,875 Class F) and Abingworth Bioventures IV Executives, LP (19,125

Class F), SR One (1,000,000 Class F), VIB (250,000 Class F), BioQuest BV (100,000 Class F), and KBC Private Equity NV (2,750,000 Class F) and KBC Private Equity Fund Biotech NV (750,000 Class F) and each share was only partially paid up (€0.34472699/Class F share, *i.e.*, more than a quarter of the capital represented by each Class F share), it being understood that the share premium for each share (*i.e.*, €0.655273013/Class F share) was immediately fully paid up. These shares were fully paid up in June 2007.

(8) The relevant Warrants were issued on 2 July 2003 and exercised in 2007 by some of the beneficiaries under the relevant Warrant plan (150,000 Class C and 12,500 Class C). Pursuant to Article 11 of the Royal Decree of 17 May 2007 regarding the primary market practices ("*Koninklijk Besluit van 17 May 2007 betreffende de primaire marktpraktijken*"), and except as otherwise provided in this Article 11, all natural persons or legal entities who, in the year preceding the first admission to trading of the shares of the Company on Eurolist by Euronext Brussels, have acquired financial instruments of the Company outside of a public Offering against a lower price that the Offer Price, may not transfer these financial instruments during one year after the admission to trading of the Company's shares.

On 12 October 2007, the Company's Extraordinary Shareholders Meeting also decided to authorize the capital increase required for the purpose of the Offering and to create the Over-allotment Option. See also (5.1 "Information related to the capital increase" and section "5.10 Lock-up and standstill arrangements".

16.5 Warrants

The Company created various stock option plans under which warrants were granted to employees, consultants or directors of the Company ("Warrants"). This section provides an overview of the outstanding Warrants at the date of this Prospectus, excluding the warrant relating to the Over-allotment Option for which reference is made to section "5.5 Information on the Offering—Over-allotment and stabilization". The figures in the following section reflect the Share Consolidation and the corresponding reduction of the exercise ratio of the existing Warrants (two Warrants give right to subscribe for one common share). For a further description of the main terms and conditions of the Warrants, reference is also made to section 3.11 of the financial statements.

The Board of Directors, acting within its authorization to increase the Company's capital included in the articles of association at that time, has on 12 June 2002 approved the issuance of Warrants giving right to 76,000 Shares. In addition, upon proposal of the Board of Directors, the Extraordinary Shareholders Meeting of the Company approved the issuance of, in the aggregate Warrants giving right to 2,209,905 Shares: on 12 June 2002 (Warrants giving right to 272,155 Shares); 2 July 2003 (Warrants giving right to 215,500 Shares); 28 December 2004 (Warrants giving right to 240,000 Shares); 15 December 2005 (Warrants giving right to 254,750 Shares); 13 July 2006 (Warrants giving right to 880,000 Shares); 29 December 2006 (Warrants giving right to 82,500 Shares) and 14 June 2007 (Warrants giving right to 265,000 Shares), subject to the Warrants being granted to and accepted by the beneficiaries. Of these Warrants, (i) Warrants giving right to 24,000 Shares have been refused by the relevant beneficiaries, (ii) Warrants giving right to 37,657 Shares have lapsed due to their beneficiaries leaving the Company, (iii) Warrants giving right to 81,250 Shares have been exercised in the meantime and (iv) Warrants giving right to 52,500 Shares have never been granted to the relevant beneficiaries.

This brings the total outstanding Warrants at 4,108,998 on the date of this Prospectus, which on a fully-diluted basis (in view of the Share Consolidation and the resulting reduction of the exercise ratio of the Warrants existing at the time of the Share Consolidation (two Warrants giving right to subscribe for one share) represent 2,090,498 additional shares. As two warrantholders hold an odd number of Warrants, those two remaining Warrants have been disregarded in calculating the number of Shares to be issued.

The Warrants have been granted free of charge. Subject to the cancellation of the various classes of shares conditionally approved by the Extraordinary Shareholders Meeting of 12 October 2007, each Warrant entitles its holder to subscribe for one common share of the Company at a subscription price equal to the actual value of the underlying shares at the time of the issue, as determined by the Board of Directors and reported on by the Statutory Auditor. This actual value was determined starting from the subscription price paid (respectively, to be paid) by financial investors for preferential shares at the occasion of the most recent capital increase that preceded or followed shortly after the grant of the Warrants, to which price a discount (to take into account the lack of preference rights) was applied. The Warrants have a term of seven years. Upon expiration of the seven year term, the Warrants become null and void.

In addition, on 12 October 2007, the Extraordinary Shareholders Meeting of the Company also decided to issue, subject to completion of the Offering, in aggregate a number of new "personnel" warrants equal to a number of warrants giving right to subscribe for a number of shares corresponding to EUR 75,000 divided by the Offer Price each with the right to subscribe for one new share of the Company, in cash at the Offer Price, to be granted (prior to listing of the Company's shares) to the independent directors of the Company.

The Warrants giving right to 272,156 Shares that have been granted by the Extraordinary Shareholders Meeting on 12 June 2002 and the Warrants giving right to 215,500 Shares that have been granted on 2 July

2003 have been acquired in a final manner ("vested") in cumulative tranches over a period of four years, according to a vesting scheme set out in the issue- and exercise conditions: *i.e.*, during this four year term each two or three months, as the case may be, an equal tranche of 6.25% vested. The Warrants giving right to 76,000 Shares that have been granted by the Board of Directors on 12 June 2002 were immediately acquired in a final manner ("vested") upon the decision in principle by the Board of Directors to issue such Warrants. All other Warrants that have been granted shall only be acquired in a final manner ("vested") in cumulative tranches over a period of four years: *i.e.*, a first tranche of 25% vest on the first anniversary of their grant (*i.e.*, the decision in principle of the Extraordinary Shareholders Meeting to issue such Warrants); the balance of the granted Warrants vests in successive monthly equal installments during the remainder of the term (one forty-eighth, or approximately 2.08% of the aggregate number of Warrants that are granted, vest each month).

The Warrants (other than the Warrants issued on 12 October 2007) can only be exercised by the warrantholder, provided that they have effectively vested, as of the fourth calendar year following the year in which the Company offered the Warrants to the Warrantholder. As of that time, the Warrants can be exercised during the first 15 days of each quarter (unless such period would fall within the "closed periods" or "restricted periods" as set out in the Company's Dealing Code, in which case, under certain circumstances, such period shall be extended by the number of days of such exercise period which fell within such "closed periods" or "restricted periods"). However, the terms and conditions of the Warrants provide that the Warrants can or must also be exercised, regardless of whether they have vested or not, in a number of specified cases of accelerated vesting set out in the issue and exercise conditions.

The table below gives an overview (as at 12 October 2007, and assuming completion of the Offering) of the outstanding Warrants described above. The table should be read together with the notes referred to below. The table reflects the Share Consolidation.

Issue Date	Term	Warrants issued[1] in number of Shares[2]	Warrants granted in number of Shares[2]	Exercise price per Share(€)	Warrants no longer exercisable in number of Shares[2]	Warrants outstanding in number of Shares[2]	Exercise periods vested Warrants[3]
12 June 2002	From 12 June 2002 to 11 June 2009	272,155	272,155	€1.00		272,155	06/06-07/09
12 June 2002	From 12 June 2002 to 11 June 2009	76,000	76,000	€1.00		76,000	06/06-07/09
2 July 2003	From 2 July 2003 to 1 July 2010	215,500	213,000	€1.40	103,750[4]	109,250[5]	01/07-07/10
28 December 2004 . .	From 28 December 2004 to 27 December 2011	240,000	238,500	€1.80	7,500[6]	231,000	01/08-12/11
15 December 2005 . .	From 15 December 2005 to 14 December 2012	254,750	254,750	€1.80	5,156[7]	249,594	01/09-12/12
13 July 2006	From 13 July 2006 to 12 July 2013	880,000	875,000	€2.00		875,000	01/10-07/13
29 December 2006 . .	From 29 December 2006 to 28 December 2013	82,500	67,500	€2.80	2,500	65,000	01/10-12/13
14 June 2007	From 14 June 2007 to 13 June 2014	265,000	212,500	€2.80		212,500	01/11-12/14
SUBTOTAL		2,285,905	2,209,405		118,907	2,090,498	
12 October 2007 . . .	From 12 October 2007 to 11 October 2012	7,500	7,500	Offer Price		7,500[7][9]	10/08-07/12
TOTAL		**2,293,405**	**2,293,405**		**112,657**[8][9]	**2,097,998**[4]	

(1) Issued under the condition precedent of the Warrant being granted and accepted.

(2) The numbers reflect the number of shares for which the warrantholders can subscribe upon exercise of all relevant Warrants, taking into account the two-for-one consolidation of the Company's common shares approved by the EGM of 12 October 2007 and the corresponding reduction of the exercise ratio of the existing Warrants.

(3) The Warrants, (i) can only be exercised by the Warrantholder if they have effectively vested, and (ii) can only be exercised as of the fourth calendar year following the grant of the Warrants.

(4) Warrants giving right to 22,500 Shares have lapsed due to their beneficiary leaving the Company.

(5) In 2007, beneficiaries exercised Warrants giving right to 81,250 Shares (in exchange for 81,250 Class C shares).

(6) Warrants giving right to 7,500 Shares have lapsed due to their beneficiary leaving the Company.

(7) Warrants giving right to 5,157 Shares have lapsed due to their beneficiary leaving the Company.

(8) As at the date of this Prospectus Warrants giving right to 457,405 Shares are exercisable whilst the remaining Warrants (giving right to 1,633,093 Shares) are not yet exercisable.

(9) On 12 October 2007, the Extraordinary Shareholders Meeting of the Company also decided to issue, subject to completion of the Offering, a number of new "personnel" warrants equal to a number of warrants giving right to subscribe for a number of shares corresponding to EUR 75,000 divided by the Offer Price each with the right to subscribe for one new share of the Company, in cash at the Offer Price, to be granted to the independent directors. In this table, a simulation has been included, in the hypothesis that the Offer price would be EUR 10.00 and that all Warrants so offered will be accepted.

On 12 October 2007, (not taking into account the issue of the "over-allotment" warrant on 12 October 2007), the total number of all outstanding Warrants that have been granted and that remain outstanding represent approximately 8.02% of the total number of all outstanding shares (on a fully diluted basis and taking into account the exercise ratio of the Warrants).

There are no other financial instruments outstanding.

16.6 Description of rights and benefits attached to shares

Voting rights

Each shareholder of the Company is entitled to one vote per share.

Voting rights may be suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto by the Board of Directors of the Company;
- to which more than one person is entitled, except in the event that a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 3%, 5%, or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant Shareholders Meeting, except in case the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the Shareholders Meeting (see also "16.11 Notification of important participations".) of its shareholding reaching or exceeding the thresholds above; and
- of which the voting right was suspended by a competent court or the CBFA.

Generally, the Shareholders Meeting has sole authority with respect to:

- the approval of the statutory financial statements of the Company (statutory financial statements under Belgian GAAP);
- the appointment and dismissal of directors and the Statutory Auditor of the Company;
- the granting of discharge of liability to the directors and the Statutory Auditor;
- the determination of the remuneration of the directors and of the Statutory Auditor for the exercise of their mandate;
- the distribution of profits;
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganizations of the Company; and
- the approval of amendments to the articles of association.

16.7 Right to attend and vote at Shareholders Meetings

Annual Shareholders Meeting

The Annual Shareholders Meeting is held at the registered office of the Company or at the place determined in the notice convening the Shareholders Meeting. The meeting is held every year on the last

Thursday of the month of April, at 11.00 a.m. If this date is a legal holiday, the meeting is held at the next Business Day. At the Annual Shareholders Meeting, the Board of Directors submits the audited statutory financial statements under Belgian GAAP and the reports of the Board of Directors and of the Statutory Auditor with respect thereto to the shareholders. The Shareholders Meeting then decides on the approval of the statutory financial statements under Belgian GAAP, the proposed allocation of the Company's profit or loss, the discharge of liability of the directors and the Statutory Auditor, and, when applicable, the (re-)appointment or dismissal of the Statutory Auditor and/or of all or certain directors.

Special and Extraordinary Shareholders Meetings

The Board of Directors or the Statutory Auditor may, at any given time when the interest of the Company so requires, convene a Special or Extraordinary Shareholders Meeting. Such Shareholders Meeting must also be convened each time one or more shareholders holding at least 20% of the Company's share capital so demand. Shareholders that (together) do not hold at least 20% of the Company's share capital do not have the right to have the Shareholders Meeting convened.

Notices convening the Shareholders Meeting

The notice of the Shareholders Meeting must state the place, date and hour of the meeting and shall include an agenda indicating the items to be discussed as well as any motions for resolutions.

The notice must be published in the Belgian Official Gazette ("*Belgisch Staatsblad*") at least 24 days prior to the Shareholders Meeting or the registration date (if specified in the convening notice—see also "4.4 General information and information concerning responsibility for the Prospectus and for auditing the accounts—Available information". The notice must also be published in a national newspaper 24 days prior to the date of the Shareholders Meeting or the registration date (if specified in the convening notice), except if the relevant meeting is an Annual Shareholders Meeting held at the municipality, place, day and hour mentioned in the articles of association of the Company and the agenda of which is limited to the review of the statutory financial statements, the annual report of the Board of Directors on the statutory financial statements, the annual report of the Statutory Auditor and the vote on the discharge of the directors and the Statutory Auditor. The statutory financial statements, the annual report of the Board of Directors and the annual report of the Statutory Auditor on the statutory financial statements must be made available to the public at least 15 days prior to the date of the Annual Shareholders Meeting.

Convening notices must be sent 15 days prior to the Shareholders Meeting to the holders of registered shares, registered bonds, registered Warrants, registered certificates issued with the co-operation of the Company (if any) and to the directors and Statutory Auditor of the Company. This communication is made by way of ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfillment of such formality.

When all the shares, bonds, Warrants and certificates issued with the co-operation of the Company (if any) are registered, the communication may be limited to the sending of the notices by way of registered letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication.

Formalities to attend the Shareholders Meeting

If the Board of Directors so requests in the notice convening the Shareholders Meeting, the holders of registered shares must notify the Company of, (i) their intention to participate in a Shareholders Meeting, and (ii) the number of shares with wish they wish to vote at such Shareholders Meeting, by way of a simple letter, or any other means indicated in the convening notice, sent to the registered office of the Company, or to any other location indicated in the convening notice, which must arrive at the registered office of the Company at the latest on the fourth Business Day prior to the date of the relevant Shareholders Meeting.

The holders of bearer shares, bearer shares in book-entry form or dematerialized shares are only admitted to the Shareholders Meeting if they have deposited their shares or had their shares registered on the registration date. The Board of Directors shall determine in the convening notice whether the shares need to be deposited or registered.

- If the notice convening the Shareholders Meeting requires a deposit, only the holders of bearer shares shall be admitted to the Shareholders Meeting who have deposited their shares at the registered office of the Company or at any other location, as indicated in the notice, at the latest on the fourth Business

Day prior to the date of the relevant Shareholders Meeting. To be admitted to the Shareholders Meeting, they will need to present evidence of the deposit, which is issued by the registered office of the Company or by the depository institution, in which the unavailability of such shares until after the Shareholders Meeting is confirmed and in which the number of shares which are so made unavailable is mentioned.

- The holders of dematerialized shares or bearer shares in book-entry form are only admitted to the Shareholders Meeting upon presentation of a certificate of the deposit, which evidences that the deposit took place at the latest on the fourth Business Day prior to the date of the relevant Shareholders Meeting, issued by a certified account holder, in accordance with Article 468 of the Belgian Company Code, or by the depository institution itself designated in accordance with the same provision, and confirming the unavailability of the dematerialized shares or the bearer shares in book-entry form until after the Shareholders Meeting. The deposit of this certificate must take place at the registered office of the Company or at any other location indicated in the convening notice. The designated depository of the certificate hands over to the depositor a receipt indicating the number of shares, upon presentation of which the holder of the dematerialized shares or bearer shares in book-entry form, or its proxy holder, will be admitted to the location where the Shareholders Meeting is held.
- If the notice convening the Shareholders Meeting requires a registration, only the holders of bearer shares or bearer shares in book-entry form and holders of dematerialized shares who deliver proof that on the registration date, being at the earliest the 15th day and at the latest the fifth Business Day prior to the Shareholders Meeting, at midnight (24:00 hours—Central European Time, GMT+1), they are the holder of the shares with which they wish to vote, regardless of the number of shares they hold on the day of the Shareholders Meeting, shall be admitted to the Shareholders Meeting. In a register provided by the Board of Directors, it must be registered how many shares each shareholder holds on the registration date at midnight. In the notice convening the Shareholders Meeting, the registration date is mentioned, as well as the manner in which the shareholders may register.

Prior to participating in the meeting, the shareholders or their proxy holders must sign the attendance list, thereby mentioning, (i) the identity of the shareholder, (ii) if applicable, the identity of the proxy holder, and (iii) the number of shares they represent. If a deposit is required, the holders of bearer shares or dematerialized shares, or their proxy holders as the case may be, must present the receipt of deposit, delivered by the depository designated in the convening notice. The representatives of shareholders-legal entities must present the documents evidencing their quality as legal body or special proxy holder of such legal entity. In addition, the proxy holders of shareholders-legal entities or shareholders-natural persons must present the original of their proxy evidencing their powers, unless the notice required the prior deposit of such proxies. The natural persons taking part in the Shareholders Meeting, must be able to prove their identity.

The holders of profit certificates (if any), shares without voting rights (if any), bonds (if any), Warrants or other securities issued by the Company (if any), as well as the holders of certificates issued with the co-operation of the Company and representing securities issued by the Company (if any), may attend the Shareholders Meeting insofar as the law grants them such right with an advisory vote, or, as the case may be, the right to participate in the voting. If they wish to attend, they must abide by the same formalities, requirements to be admitted, form and deposit of proxies, as those imposed on the shareholders.

Power of attorney

Any owner of securities may be represented at a Shareholders Meeting by a special proxy holder, who need not be a shareholder.

The Board of Directors may determine the text of these proxies to the extent that the shareholder's freedom to vote is respected and that the provisions of such proxies do not deprive the shareholder of any right, and may demand that they shall be deposited at the registered office of the Company at least four Business Days prior to the relevant Shareholders Meeting.

Quorum and majorities

In general, there is no quorum requirement for a Shareholders Meeting and decisions are generally passed with a simple majority of the votes of the shares present and represented. Capital increases (unless decided by the Board of Directors within the framework of the authorized capital), decisions with respect to the

Company's dissolution, mergers, de-mergers and certain other reorganizations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose) and certain other matters referred to in the Belgian Company Code do not only require the presence or representation of at least 50% of the share capital of the Company but also the approval of at least 75% of the votes cast. An amendment of the Company's corporate purpose requires the approval of at least 80% of the votes cast at a Shareholders Meeting, which in principle can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event that the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second Shareholders Meeting can validly deliberate and decide regardless of the number of shares present or represented.

16.8 Dividends

All shares participate in the same manner in the Company's profits (if any). The Offered Shares carry the right to receive dividends (if any) payable with respect to the entire financial year started on 1 January 2007 and each subsequent year. Pursuant to the Belgian Company Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the Annual Shareholders Meeting, based on the most recent audited statutory financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's Board of Directors. The Company's articles of association also authorize the Board of Directors to declare interim dividends subject to the terms and conditions of the Belgian Company Code.

Dividends can only be distributed if, following the declaration and payment of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements prepared in accordance with Belgian accounting rules (*i.e.*, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities), decreased with the non-amortized activated costs of incorporation and extension and the non-amortized activated costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the share capital.

In relation to bearer shares, the Belgian Act of 24 July 1921 on the involuntary loss of possession of bearer shares ("*Wet op de Ongewilde buitenbezitstelling van de titels aan toonder*") provides that, in the event the payment of dividends on bearer shares has not been claimed by the legal holder thereof, the Company has the right to deposit those dividends with the *Deposito en Consignatiekas*. The right to demand the payment of dividends so deposited expires after 30 years, at which time the related dividends become the property of the Belgian State. With regard to registered shares, the right to payment of dividends expires five years after the Board of Directors declared the dividend payable.

16.9 Rights regarding liquidation

The Company can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an Extraordinary Shareholders Meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Company's net assets (determined in accordance with Belgian GAAP) to share capital is less than 50%, the Board of Directors must convene a Special Shareholders Meeting within two months, from the date the Board of Directors discovered or should have discovered this undercapitalization. At such Shareholders Meeting, the Board of Directors must propose either the dissolution of the Company, or the continuation of the Company, in which case the Board of Directors must propose measures to redress the Company's financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50% of the Company's share capital is present or represented at the meeting. If, as a result of losses incurred, the ratio of the Company's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company. If the amount of the Company's net assets has dropped below €61,500 (the minimum amount of share capital of a public limited liability company), each interested party is entitled to request the competent court to dissolve the Company. The court may order the dissolution of the Company or grant a grace period within which the Company is allowed to remedy the situation.

In the event the Company is dissolved, the assets or the proceeds of the sale of the remaining assets, after payment of all debts, costs of liquidation and taxes, must be distributed on an equal basis to the holders of the shares, taking into account possible preferential rights with regard to the liquidation of shares having such rights, if any. Upon completion of the Offering and listing, none of the shares will have any preferred liquidation rights.

16.10 Changes to the share capital

Changes to the share capital decided by the shareholders

The Shareholders Meeting can at any given time decide to increase or decrease the share capital of the Company. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association, as described above under "14.3 Board of Directors—General provisions".

Capital increases by the Board of Directors

Subject to the same quorum and majority requirements, the Shareholders Meeting can authorize the Board of Directors, within certain limits, to increase the Company's share capital without any further approval of the shareholders. This is the so-called authorized capital. This authorization needs to be limited in time (*i.e.*, it can only be granted for a renewable period of maximum five years), and in scope (*i.e.*, the authorized capital may not exceed the amount of the registered capital at the time of the authorization). On 12 October 2007, the Shareholders Meeting authorized the Board of Directors to increase the share capital of the Company within the framework of the authorized capital. This authorization is further discussed in "—Preferential subscription right" below.

Preferential subscription right

In the event of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or warrants, the shareholders have a preferential right to subscribe for the new shares, convertible bonds or warrants, *pro rata* to the part of the share capital represented by the shares that they already hold. The Shareholders Meeting may decide to limit or cancel such preferential subscription right, subject to special substantive and reporting requirements. Such decision must satisfy the same quorum and majority requirements as the decision to increase the Company's share capital.

The shareholders can also decide to authorize the Board of Directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the Belgian Company Code. Normally, the authorization of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the Company by the CBFA of a public tender offer for the investment instruments of the Company. The Shareholders Meeting can, however, authorize the Board of Directors to increase the share capital by issuing further shares, not representing more than 10% of the shares of the Company at the time of such a public tender offer. On 12 October 2007, the Extraordinary Shareholders Meeting of the Company decided to authorize the Board to increase the Company's share capital, including with limitation or cancellation of the shareholders' preferential subscription rights, in one or more times and including the authorization to make use of such authorized capital in the framework of a public tender offer.

Form and transferability of the shares

Without prejudice to what is set out below in this section, the shares of the Company can take the form of bearer shares, registered shares or dematerialized shares. The Offered Shares will take the form of bearer shares.

As described in section "5.3 Application procedure—Form of the offered shares and VVPR strips", all shares and VVPR Strips will be delivered in book-entry form, represented by one or more global certificates that will have been filed with the Euroclear Belgium for safekeeping on behalf of those persons entitled to the shares and the VVPR Strips.

Upon delivery of the shares, the shares will therefore be bearer securities in book-entry form. The shares and the VVPR Strips cannot yet be delivered as bearer securities in physical form. In view of the Belgian Act of 14 December 2005 on the cancellation of bearer securities ("*Wet houdende afschaffing van de effecten aan toonder*") pursuant to which it will no longer be possible after 31 December 2007 to deliver physical certificates of the bearer instruments held in book-entry form. Investors are advised that it is

unlikely for practical reasons, to make available such physical certificates of the Offered Shares and VVPR Strips prior to 1 January 2008.

Without prejudice to the foregoing, Belgian company law and the Company's articles of association entitle shareholders to request, in writing and at their expense, the physical delivery of their bearer shares in book-entry form. Such request would imply that an individualized physical bearer certificate be delivered to the relevant shareholder. A tax on the physical delivery of bearer shares equal to 0.6% of the purchase price will be due. See also section "18.4 Tax on the physical delivery of bearer securities".

For shareholders who opt for registered shares, the shares will be recorded in the Company's shareholder register. In view of the Belgian Act of 14 December 2005 on the cancellation of bearer securities, until 31 December 2007, holders of registered shares may request that their registered shares be converted into bearer shares and *vice versa*. After 31 December 2007, such conversion into bearer shares is no longer permitted by law and holders of registered shares may only request that their registered shares be converted into dematerialized shares and *vice versa*. Holders of bearer shares delivered in physical form prior to 1 January 2008 may request that their bearer shares be converted into registered shares or dematerialized shares. In any event, in accordance with the Belgian Act of 14 December 2005 on the cancellation of bearer securities, all securities held on securities accounts for which the physical delivery in bearer form has not been requested and obtained prior to 1 January 2008, will be converted automatically into dematerialized securities as from 1 January 2008. Bearer securities that are credited to a securities account after 31 December 2007 are also converted automatically in dematerialized securities as from the moment that they are credited to such securities account.

All shares for which the physical delivery in bearer form has been requested and obtained by 31 December 2007 at the latest, can remain in bearer form until 31 December 2013 at the latest, at which time they will be converted into dematerialized shares or registered shares, at the choice of the owner.

Any costs incurred by the conversion of shares into another form will be borne by the shareholder.

All of the Company's shares, including the Offered Shares upon delivery, are fully paid up and freely transferable, subject, however, to the lock-up arrangements described in "5.10 Information on the Offering—Lock-up and Standstill arrangements".

Purchase and sale of own shares

In accordance with the Company's articles of association and the Belgian Company Code, the Company can only purchase and sell its own shares by virtue of a special shareholders' resolution approved by at least 80% of the votes validly cast at a Shareholders Meeting where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented. The prior approval by the shareholders is not required if the Company purchases the shares to offer them to the Company's personnel.

In accordance with the Belgian Company Code, an offer to purchase shares must be made to all shareholders under the same conditions. This does not apply to the acquisition of shares via a regulated market or the acquisition of shares that has been unanimously decided by the shareholders at a meeting where all shareholders were present or represented. Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders pursuant to Article 617 of the Belgian Company Code. The total amount of shares held by the Company can at no time be more than 10% of its share capital. At the date of this Prospectus, the Board of Directors of the Company was not authorized by the Shareholders Meeting to redeem shares and neither do the articles of association authorize the Board of Directors to purchase own shares in case of imminent serious harm to the Company in accordance with Article 620, §1, paragraph 3 of the Belgian Company Code. Should in the future, the latter authorization be given, such authorization would be valid for a period of three years as from the date of publication in the Annexes to the Belgian Official Gazette of the amendment to the articles of association inserting this authorization.

Authorized capital

On 12 October 2007, the Extraordinary Shareholders Meeting authorized the Board of Directors to increase the Company's share capital in one or more transactions with a maximum amount that cannot exceed the amount of the Company's share capital upon completion of the Offering and listing of the Company's shares (excluding issuance premiums, if any).

If the capital is increased within the limits of the authorized capital, the Board of Directors will be authorized to request payment of an issuance premium. This issuance premium will be booked on a non-available reserve account, which may only be decreased or disposed of by a resolution of a Shareholders Meeting taken in accordance with the provisions relating to amendments of the articles of association.

This Board of Directors' authorization will be valid for capital increases subscribed for in cash or in kind, or made by capitalization of reserves and issuance premiums, with or without issue of new shares. The Board of Directors is authorized to issue convertible bonds, warrants or a combination thereof within the limits of the authorized capital.

The Board of Directors is authorized, within the limits of the authorized capital, to limit or cancel the preferential subscription rights granted by law to the holders of shares if in doing so it is acting in the interests of the Company and in accordance with Article 596 and following of the Belgian Company Code. The Board of Directors is authorized to limit or cancel the preferential subscription rights in favor of one or more specified persons, even if such persons are not members of the personnel of the Company.

The powers of the Board of Directors within the framework of the authorized capital will be effective upon the closure of the Offering and listing of the Company's shares, and will be valid for a period of five years as of the publication thereof in the Annexes to the Belgian Official Gazette.

16.11 Notification of important participations

Belgian law, in conjunction with Article 16 of the Company's articles of association, imposes disclosure requirements on any natural person or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisition or transfer, the total number of voting rights directly or indirectly held by such natural person or legal entity, alone or in concert with others, increases above or falls below a threshold of 3%, 5%, or any multiple of 5%, of the total number of voting rights attached to the Company's securities.

Pursuant to Article 5 of the Act of 2 March 1989 on the disclosure of important participations in listed companies and on the regulations in relation to public takeover offers ("*Wet op de openbaarmaking van belangrijke deelnemingen in ter beurze genoteerde vennootschappen en tot reglementering van de openbare overnameaanbiedingen*"), the Company has exercised its right to reduce the disclosure threshold provided by such Act to 3%. A shareholder whose shareholding increases above or falls below any such thresholds must, each time, disclose such fact to the CBFA and to the Company. The documents pursuant to which the transaction was effected must be submitted to the CBFA. When the participation of a shareholder reaches 20%, the notification must indicate in which category the relevant acquisition or transfer fits, as well as the number of securities acquired during the period of twelve months before the notification and in which manner such securities were acquired. Such notification is also required if a natural person or a legal entity acquires or transfers control (direct or indirect, *de iure* or *de facto*) over a company that possesses 3% of the voting rights of the Company.

The forms required to make such notifications, as well as further explanations may be found on the website of the CBFA (www.cbfa.be).

The Company is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Company's securities on the next Business Day, and must mention these notifications in the notes to its statutory financial statements. Euronext Brussels will publish details of the notifications. Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The CBFA may also impose administrative sanctions.

In this respect, the Company wishes to point out that on the date of this Prospectus, the Belgian legislator has not yet implemented Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC ("*Richtlijn 2004/l09/EG van het Europees Parlement en de Raad van 15 December 2004 betreffende de transparantievereisten die gelden voor informatie over uitgevende instellingen waarvan effecten tot de handel op een gereglementeerde markt zijn toegelaten en tot wijziging van Richtlijn 2001/34/EG"*). The Belgian legislator has approved laws implementing this Directive (the Acts of 2 and 23 May 2007, but these laws shall only enter into force at a date to be determined by Royal Decree. The Royal Decree determining such date and implementing these laws has not yet been approved. The Implementation of this Directive will have an

effect on the Company's obligations in relation to the disclosure of information about its shareholders' structure.

16.12 Public tender offers

Public tender offers on the Company's shares and other voting securities (such as Warrants or convertible bonds, if any) are subject to supervision by the CBFA. Public tender offers must be made for all of the Company's voting securities, as well as for all other securities issued by the Company that entitle the holders thereof to the subscription for or the conversion in voting securities. Prior to making an offer, an offeror must issue and disseminate an offer document, which must be approved by the CBFA. The offeror must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of the Company.

Tender offers on a Belgian company listed on a Belgian regulated market are governed by the Act of 1 April 2007 on public tender offers ("*Wet van 1 April 2007 op de openbare overnamebiedingen*"), which was published on 26 April 2007 in the Belgian Official Gazette. These new regulations entered into force on 1 September 2007. Certain parts of this Act have been implemented by Royal Decree (the Royal Decree of 27 April 2007 on public tender offers ("*Koninklijk besluit van 27 april 2007 op de openbare overnamebiedingen*") and the Royal Decree of 27 April 2007 on public squeeze-outs ("*Koninklijk besluit van 27 april 2007 op de openbare uitkoopbiedingen*") (for the latter, see below under section 16.13 of this chapter) which also entered into force on 1 September 2007.

Pursuant to these regulations, all shareholders and warrantholders (and holders of other voting securities or securities granting access to voting rights issued by the Company) must have equal rights to contribute their securities in any public tender offer. Furthermore, whenever a person (as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly) acquires more than 30% of the voting securities of a company that are (at least in part) admitted to trading on a regulated market, such person must, regardless of the price paid, make a mandatory tender offer for the shares, Warrants and convertible securities issued by the company. In general and except for certain exceptions, the mere fact of exceeding the relevant threshold as a result of an acquisition will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the then current market price.

In such an event, the tender offer must be launched at a price equal to the higher of the two following amounts, (i) the highest price paid by the offeror or persons acting in concert with it for the acquisition of shares during the last 12 calendar months, and (ii) the average trading price during the last 30 days before the obligation to launch a tender offer arose. No mandatory tender offer is required, amongst other things, when the acquisition is the result of a subscription for a capital increase with application of the preferential subscription rights of the shareholders. The price can be in cash or in securities. In the event of a mandatory tender offer or a voluntary tender offer by an offeror who controls the company Offering a price composed of securities, a cash alternative must be offered in the event that, (i) the price does not consist of liquid securities admitted to trading on a regulated market, or (ii) the offeror or a person acting in concert with it acquired shares for cash during a period of 12 calendar months preceding the publication of the tender offer or during the tender offer (whereby these shares, in the event of a voluntary tender offer by a controlling shareholders represent more than 1% of the outstanding voting securities). Where the voluntary tender offer is issued by a controlling shareholder, the price must be supported by a fairness opinion issued by an independent expert. The Board of Directors of the target company is required to publish its opinion concerning the offer as well as its comments on the offer document. The acceptance period for the tender offer must be at least two weeks and not more than ten weeks.

In addition, there are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose large shareholdings (see under section 16.11)and merger control, that may apply to the Company and/or authorizations granted to the Company which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions or decisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Company's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

Normally, the authorization of the Board of Directors to increase the share capital of the Company through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Company by the CBFA of a public tender

offer on the securities of the Company. The Shareholders Meeting can, however, authorize the Board of Directors to increase the share capital by issuing shares representing not more than 10% of the existing shares of the Company at the time of such a public tender offer. Such authorization was granted to the Board of Directors of the Company on 12 October 2007.

The Company can acquire, dispose of, or pledge its own shares, profit certificates or any certificates relating thereto subject to compliance with the relevant legal provisions. In particular, the Shareholders Meeting can authorize the Board of Directors to, without any resolution of the Shareholders Meeting, acquire and keep the Company's own shares when such is necessary to prevent a imminent serious harm to the Company. Such authorization is valid for a period of three years as of the publication thereof in the Annexes to the Belgian Official Gazette. Such authorization upon completion of the Offering has not been granted to the Board of Directors of the Company.

The articles of association of the Company do not provide for any other specific protective mechanisms against public tender offers.

16.13 Squeeze-out

Pursuant to Article 513 of the Belgian Company Code, a person or legal entity acting alone or in concert, who owns 95% of the voting securities in the Company having made a public call on savings, can acquire all of the outstanding voting securities or securities entitling to such voting securities in that Company following a squeeze out offer.

The securities that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the offeror at the end of the bidding process. At the end of the offer, the Company is no longer deemed a Company having made a public call on savings, unless bonds issued by the Company, if any, are still publicly held. The consideration paid for the securities must be in cash and must represent the fair value of the securities with a view to safeguarding the interests of the transferring shareholders.

17 MARKET INFORMATION

The Company has applied to list the Company's common shares and VVPR Strips on the Eurolist by Euronext of Euronext Brussels, respectively under the symbol "ABLX" and "ABLXS". The Company expects trading to commence on or about 7 November 2007 and will, as a result, be subject to Belgian securities regulations and authorities. Prior to the Offering, there has been no public market for the Company's common shares.

17.1 General

On 22 September 2000, the stock exchanges of Amsterdam, Brussels and Paris merged to form Euronext, the first pan-European stock exchange. The Amsterdam, Brussels and Paris exchanges became wholly owned subsidiaries of Euronext NV, a limited liability company incorporated under Dutch law. Euronext expanded in 2002 through the acquisition of the London International Financial Futures and Options Exchange and the Portuguese exchange, Bolsa de Valores de Lisboa e Porto.

Euronext NV became a subsidiary of NYSE Euronext (Holding) NV, a holding company incorporated in the Netherlands and created by the combination of NYSE Group, Inc. (a US company incorporated in the state of Delaware) and Euronext NV through a mixed public offering launched on 15 February 2007. Since 4 April 2007, NYSE Euronext (Holding) NV has been listed on New York Stock Exchange and Euronext Paris. NYSE Group brings together six cash equities exchanges in five countries and six derivatives exchanges, and is a world leader for listings, trading in cash equities, equity and interest rate derivatives, bonds and the distribution of market data. Companies listed on Euronext will not become subject to the Sarbanes-Oxley Act and the SEC rules governing companies listed in the US.

Each of the Euronext subsidiaries in the various jurisdictions represents a portal to Euronext, whereby issuers, intermediaries and investors can gain access to a single, trans-national market. An issuer's choice of portal determines the local legal and regulatory system applicable to its listed securities. The Company will be listed on the Eurolist by Euronext of Euronext Brussels and will therefore be subject to Belgian securities regulations and authorities.

Euronext operates on an order-driven trading system, in which securities may be traded in either a continuous mode or an auction (fixing) mode. Euronext Brussels determines the mode in which securities are traded based on objective criteria, including the company's expected trading volume, liquidity, historical information and participation in other internationally recognised indices. If the required criteria are satisfied, the issuer may list in the continuous mode, in which securities may be traded at any time during trading hours and trading prices are quoted in real time. If the required criteria are not met, the issuer may list in auction (fixing) mode, in which securities may be traded at auctions held twice a day. The Company has applied for the ordinary shares to be listed in the continuous mode.

Euronext Brussels trading hours begin at 9:00 a.m. and end at 5:30 p.m. on each business day in Brussels, Belgium. Following each day of trading, Euronext Brussels publishes a table of the prices of securities traded on its exchange in two prominent Belgian financial newspapers, *De Tijd* (Dutch) and *L'Echo* (French). These tables typically include price information and daily trading volumes, including block trades for each of the securities.

At 31 December 2006, 137 domestic and 68 foreign stocks were listed on Euronext Brussels. The trading volume on Euronext Brussels (based on the trades carried out through the central order book) was approximately €104 billion in 2006, with a daily average of approximately €407 million. At 31 December 2006, the total market capitalization of the issuers whose stocks were listed on Euronext Brussels was approximately €301 billion.

17.2 Indices

Securities listed on Euronext Brussels may be included in one of three indices: BEL 20, BEL Mid and BEL Small. Euronext Brussels places securities in these indices based on the liquidity and free float capitalization of the relevant instrument. Euronext Brussels launched the BEL Mid and BEL Small indices on 1 March 2005 as part of an initiative to increase the visibility of small and mid cap securities.

The BEL 20 index is a real-time basket index which reflects the continuous price evolution of the twenty most liquid Belgian shares listed on the exchange, and is the blue-chip index for Euronext Brussels. The BEL 20 index is made up of stocks which have a free-float market capitalization equal to at least EUR 300,000 times the BEL 20 index and have a free-float velocity of at least 30%. At year end 2006, the

minimum required free-float market capitalization for a BEL 20 member was EUR 1,320,000,000. The BEL Mid index is made up of stocks not included in the BEL 20 index that have a free-float market capitalization between EUR 50,000 and EUR 300,000 times the BEL 20 index and have a free-float velocity of at least 10%. The BEL Small index is made up of stocks which have a free-float market capitalization between EUR 5,000 and EUR 50,000 times the BEL 20 index and a free-float velocity of at least 10%. The free-float velocity of a company's shares is calculated by taking the sum for the twelve previous months of the number shares traded each day divided by the outstanding number of shares existing on that same day. This velocity figure is then divided by the number of free float shares of the relevant company (expressed as a percentage of the total share capital) rounded to the next highest multiple of 5%.

17.3 Brokerage Fees and Transaction Costs

Members of Euronext Brussels primarily include credit institutions, investment firms and other intermediaries that are authorized to execute, buy and sell orders on the exchange. Members of Euronext Brussels charge negotiable brokerage fees to execute transactions on the Euronext market. Financial intermediaries that are not members of Euronext Brussels may charge additional brokerage fees. Trading fees are harmonised across all Euronext portals and members are required to select one of three fee packages for equity trading.

17.4 Clearing and Settlement

Transactions are cleared and settled on a delivery versus payment basis three Business Days following the trade date. The Euronext system clears and settles transactions through electronic book-entry changes in the accounts of participants. It thereby ensures that sellers receive cash upon delivery of the securities and that buyers receive the corresponding securities upon payment, and eliminates the need for physical movement of securities. LCH Clearnet, a wholly-owned subsidiary of Euronext, is the sole clearing house and counterparty of Euronext.

18 TAXATION IN BELGIUM

This summary does not purport to address all material tax consequences associated with ownership of the shares, and does not take into account the specific circumstances of any particular investor who may be subject to special rules, or the tax laws of any country other than Belgium. In particular, this summary deals only with investors that hold, or will hold, the shares as capital assets and does not address the tax treatment of investors that are subject to special rules, such as financial institutions, insurance companies, collective investment undertakings, dealers in securities or currencies or persons that hold, or will hold, the shares as a position in a straddle, share-repurchase transactions, conversion transactions, a synthetic security or other integrated financial transaction.

This summary is based on the applicable laws, treaties and regulatory interpretations in effect on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should consult their own advisers regarding the tax consequences of an investment in the shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations.

For the purposes of this summary, a resident investor is, (i) an individual subject to Belgian individual income tax (i.e., an individual that is domiciled in Belgium or has the seat of his wealth in Belgium or a person assimilated to a resident), (ii) a corporation subject to Belgian corporate income tax (i.e., a corporation that has its registered offices, its principal establishment or its place of management in Belgium), or (iii) a legal entity subject to Belgian tax on legal entities (i.e., a legal entity other than a corporation subject to corporate income tax, that has its registered offices, its principal establishment or its place of management in Belgium). A non-resident is a person that is not a resident investor.

18.1 Dividends

As a general rule, a withholding tax of 25% is levied on the gross amount of dividends paid on or attributed to the shares. Dividends subject to the dividend withholding tax include all benefits attributed by the Company to the shares in whatever form, as well as repayments of statutory capital, except repayments of fiscal capital made in accordance with the Belgian Company Code. Generally, fiscal capital includes paid-up capital and paid-up share premiums.

Under certain circumstances, Belgian law provides for a reduction of the withholding tax rate to 15% in respect of dividends paid on shares that are issued to the public after 1 January 1994. The New Shares will benefit from this reduced withholding tax rate. Therefore, they will be issued together with VVPR Strips, which are the instrument representing the right to receive dividends at a reduced withholding tax rate of 15%. These VVPR Strips are described in more detail under "VVPR Strips" below.

A Belgian withholding tax of 10% is levied on redemption and liquidation bonuses distributed by the Company upon the purchase of its own shares or its liquidation. The basis for the withholding tax is equal to any amount distributed over and above the fiscal capital. No withholding tax will be due for redemptions of own shares carried out on Euronext Brussels or any other similar regulated stock exchange market.

Belgian tax law provides for certain exemptions from Belgian withholding tax on Belgian source dividends. If there is no exemption available under Belgian domestic law, the Belgian withholding tax can potentially be reduced for investors who are non-residents pursuant to the bilateral tax treaty concluded between the Kingdom of Belgium and the state of residence of the non-resident shareholder.

Resident private investors

For resident investors acquiring the shares as a private investment, the dividend withholding tax may constitute their final tax liability. The dividend income must not be declared in the investor's personal income tax return.

If those investors opt to declare such dividends in their personal income tax return, they will, in principle, be taxed at rates that are separate from the ordinary progressive personal income tax rates, and that are equivalent to the withholding tax rate plus communal surcharges. However, if the tax amount obtained by taxing both these dividends and other declared income in accordance with the progressive personal income tax rate scale, is lower than the tax amount resulting from the application of the separate rates, the progressive rates will apply. In both cases, the income tax payable will be increased by the communal surcharges and the withholding tax levied at source will be creditable against the total amount of tax due,

and even be reimbursable should it exceed the tax payable, provided that the dividend distribution does not give rise to a reduction in value of or a capital loss on the shares. This condition is not applicable if the investor demonstrates that he/she held the shares in full legal ownership during an uninterrupted period of 12 months prior to the attribution of the dividends.

For resident individuals who hold the shares for professional purposes, the dividends received will be taxed at the progressive personal income tax rates plus communal surcharges. The withholding tax will be creditable against the personal income tax due and is reimbursable to the extent that it exceeds the tax payable and exceeds the €2.50, subject to two conditions, (i) the taxpayer must own the shares at the time of payment or attribution of the dividends in full legal ownership, and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if the investor demonstrates that he/she held the shares in full legal ownership during an uninterrupted period of 12 months prior to the attribution of the dividends.

Resident corporations

For resident corporations, the gross dividend income (including the withholding tax levied) received will generally be taxed at the resident corporate income tax rate of 33.99% (i.e., 33% increased by 3% additional crisis contribution) unless the corporation would be entitled to the application of the reduced corporate income tax rate scale.

The withholding tax may, in principle, be credited against the corporate tax and is reimbursable to the extent that it exceeds the corporate tax payable, subject to two conditions, (i) the taxpayer must own the shares at the time of payment or attribution of the dividends in full legal ownership, and (ii) the dividend distribution may not give rise to a reduction in the value of, or a capital loss on, the shares. The second condition is not applicable if the investor demonstrates that it held the shares in full legal ownership during an uninterrupted period of 12 months prior to the attribution of the dividends or if, during that period, the shares never belonged to a taxpayer who was not a resident corporation or who was not a non-resident corporation that held the shares through a permanent establishment in Belgium.

No withholding tax will be due on dividends paid to a resident corporation provided that the resident corporation owns, at the time of the distribution of the dividend, at least 15% of the share capital of the Company for an uninterrupted period of at least one year and, provided further that the resident corporation provides the Company or its paying agent with a certificate as to its status as a resident company and as to the fact that it has owned a 15% shareholding for an uninterrupted period of one year. For those investors owning a share participation of at least 15% in the share capital of the Company for less than one year, the Company will levy the withholding tax but will not transfer it to the Belgian Treasury, provided that the investor certifies, (i) its resident status, (ii) the date on which it acquired the shareholding, (iii) its commitment to hold the shares up to at least one year and to immediately notify the Company when the one year period requirement has been satisfied, and (iv) its commitment to immediately notify to the Company a reduction of its shareholding below this threshold prior to the end of the one year period. As soon as the investor owns the shareholding of at least 15% in the capital of the Company for one year, it will receive the amount of this temporarily levied withholding tax. The 15% minimum participation requirement will be reduced to 10% for dividends attributed or paid on or after 1 January 2009.

The resident corporate investors may deduct 95% of the gross dividends received from their taxable income under the Dividend Received Deduction ("DRD") regime. The application of the DRD regime is subject to the following conditions, to be fulfilled at the date of attribution or payment of the dividends, (i) the shareholding has an acquisition value of at least €1,200,000 or represents at least 10% of the total capital of the Company, (ii) full legal ownership of the shares for an uninterrupted period of at least one year, and (iii) the shares must qualify as financial fixed assets under Belgian GAAP.

The above conditions do not apply to dividends received by qualifying investment companies. The first condition does not apply to dividends received by financial institutions, insurance companies and stock exchange companies.

Resident legal entities

For resident legal entities, the withholding tax levied generally constitutes their final tax liability.

Non-residents

For individuals or legal entities which are not resident in Belgium and do not hold the shares through a Belgian establishment or a fixed base in Belgium, the withholding tax is generally levied at the rate of 25% or 15% if they also hold VVPR Strips (see below under "18.5 VVPR strips"). This withholding tax will be the only tax payable in Belgium on the dividends.

Belgium has entered into tax treaties with more than 80 countries, reducing the dividend withholding tax rate to 15%, 10%, 5% or 0% for residents of such countries, depending on conditions related to the importance of the shareholding and the identity of the shareholder, and certain identification formalities.

If the shares are held by a non-resident in connection with a business in Belgium, the beneficiary must file any dividends received in its non-resident individual or corporate income tax return. Withholding tax retained at source may, in principle, be offset against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, subject to the condition that, (i) the investor has full legal ownership of the shares at the time the dividends are made available for payment or attributed, and (ii) the dividend distribution does not reduce the value of, or result in a capital loss on, the shares. The second condition is not applicable if the investor demonstrates that it held the shares in full legal ownership during an uninterrupted period of 12 calendar months prior to the attribution of the dividends or if, during that period, the shares never belonged to a taxpayer who was not a resident corporation or who was not a non-resident corporation that held the shares through a permanent establishment in Belgium.

Non-resident corporations may deduct up to 95% of the gross dividends from their taxable profits if, at the date dividends are made available for payment or attributed, (i) they hold at least 10% of the total capital of the Company or a shareholding with an acquisition value of at least €1,200,000, (ii) they have full legal ownership of the shares for an uninterrupted period of at least one year, and (iii) the shares must qualify as financial fixed assets under Belgian GAAP.

Non-resident investors may, pursuant to the bilateral tax treaty concluded between the Kingdom of Belgium and their state of residence, and subject to certain conditions, either benefit from a reimbursement of the tax amount withheld in excess of the treaty rate or may benefit from a reduction of the withholding tax deducted at the source. The reduction and reimbursement of the withholding tax under the relevant tax treaty is subject to the timely filing of a "Form 276 Div.-Aut." with the relevant Belgian tax administration.

Under normal procedures, the Company or the paying agent must withhold the full amount of Belgian withholding tax, and the treaty beneficiary may make a claim for reimbursement for amounts withheld in excess of the rate defined by the applicable treaty. The reimbursement form (Form 276 Div.-Aut.) may be obtained from the "Centraal Taxatie Kantoor Brussel Buitenland", 33 Albert II-laan North Galaxy Tower, B-1030 Brussels, Belgium. The treaty beneficiary must complete the form in duplicate and send it to the competent tax authorities in its state of residence with a request to return one copy appropriately stamped. The treaty beneficiary may then obtain reimbursement from the "Centraal Taxatie Kantoor Brussel Buitenland", at the same address, upon presentation of the stamped form and a document evidencing that the dividend has been cashed. In principle, the treaty beneficiary must file the request for reimbursement with the "Centraal Taxatie Kantoor Brussel Buitenland" within three years following the end of the year in which the dividend was declared payable.

Treaty beneficiaries who have a significant holding in the shares may, under certain conditions, be able to obtain an immediate reduction of the withholding tax at source if they deliver the claim form and the relevant coupons from bearer shares no later than ten days after the date on which the dividend is payable. To benefit from this reduced rate, the qualifying treaty beneficiary should complete and forward a Form 276 Div.-Aut., properly stamped by the tax authorities of its state of residence, to the Company or the paying agent, confirming that the requirements for the reduction are satisfied. The Company or the paying agent will review and complete the form and file it together with the withholding tax return, with the relevant Belgian tax administration.

Prospective holders should consult their own tax advisors to determine whether they qualify for a reduction of the withholding tax rate upon payment of dividends and, if so, the procedural requirements for obtaining such reduction upon the payment of dividends or making claims for reimbursement.

Additionally, companies, subject to corporate taxation or a similar taxation without benefiting from a tax regime which deviates from the applicable common tax regime, that are resident in the European Union,

or in a jurisdiction with which Belgium has entered into a bilateral tax treaty that provides for exchange of information and that have a corporate form which qualifies under the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EC of 22 December 2003, or a corporate form which is similar to a corporate form in a jurisdiction with which Belgium has entered into a bilateral tax treaty, are exempt from withholding tax if they own at least a 15% interest in the Company for an uninterrupted period of at least one year. In order to benefit from this exemption, the qualifying shareholder must sign a certificate in which its qualifying parent company status is confirmed and where it is stated that it has held at least a 15% interest for an uninterrupted period of at least one year. This certificate must then be forwarded to the Company or the paying agent. For those investors owning a share participation of at least 15% in the share capital of the Company for less than one year, the Company or the paying agent will levy the withholding tax but, provided that the investor certifies, (i) its qualifying parent company status, (ii) the date on which it acquired the shareholding, (iii) its commitment to hold the shareholding up to at least one year and to immediately notify this event to the Company, and (iv) its commitment to immediately notify the Company of a reduction of its shareholding below such threshold prior to the end of the one year period, will not transfer it to the Belgian Treasury. As soon as the investor owns the share participation of at least 15% in the capital of the Company for one year, it will receive the amount of this temporarily levied withholding tax. The 15% minimum participation requirement will be reduced to 10% for dividends attributed or paid on or after 1 January 2009.

Under Belgian tax law, withholding tax is not due on dividends paid to a non-resident organization that is not engaged in any business or other profit making activity and is exempt from income tax in its country of residence, provided that it is not contractually obligated to redistribute the dividends to any beneficial owner of such dividends for whom it manages the shares, apart from certain beneficial owners which are themselves eligible for a withholding tax exemption. The exemption will only apply if the organization signs a certificate confirming that, (i) it is the full legal owner or usufruct holder of the shares, (ii) it is a non-resident that is not engaged in any business or other profit making activity and is exempt from income tax in its country of residence, and (iii) it is not bound to redistribute the dividends to non-qualifying beneficial owners. The organization must then forward that certificate to the Company or the paying agent.

18.2 Capital gains and losses

Resident private investors

Resident private investors holding the shares as a private investment are not subject to Belgian capital gains tax on the disposal of the shares. Conversely, capital losses are not tax deductible. Such investors may, however, be subject to a 33% tax if the capital gain is deemed, by way of exception, to be speculative or if the capital gain is realized outside the scope of the normal management of one's own private estate, or to a 16.5% tax if, during the five year period preceding the disposal of the shares, the investor, or, in certain circumstances, the person from whom it has received the shares, has held a substantial shareholding in the Company (i.e., a shareholding of more than 25%, together with the shares held by a certain category of relatives), and the shares are transferred directly or indirectly to a company which is not a resident of the European Economic Area.

These capital gain taxes are subject to the communal surcharge. Any losses suffered by private investors upon the disposal of the shares are generally not tax deductible. However, losses on speculative transactions or transactions outside the scope of the normal management of one's own private estate are tax deductible from the income received further to similar transactions during five consecutive taxable periods.

Individual residents who hold the shares for professional purposes are taxed at the ordinary progressive income tax rates on any capital gains realized upon the disposal of the shares. If the shares were held for at least five years prior to such disposal, the capital gains tax will be levied at a reduced rate of 16.5%. Losses on shares realized by such an investor are tax deductible.

Resident corporations and Belgian branches of non-resident corporations

Resident corporations and corporations with their tax residence outside Belgium, but which hold the shares through a permanent establishment or fixed base in Belgium, will not be taxed in Belgium on the capital gains realized upon disposal of the shares.

Any losses incurred by such investors upon disposal of the shares will not be tax deductible, except possibly at the time of liquidation of the Company up to the fiscal capital of the Company represented by those shares.

Resident legal entities

Resident legal entities are normally not subject to Belgian capital gains tax on the disposal of the shares, but they may be subject to the 16.5% tax described above if they hold a substantial participation (more than 25%). (See section "18.2 Capital gains and losses—resident private investors").

Losses incurred by resident legal entities upon disposal of the shares are generally not tax deductible.

Non-residents

Non-resident shareholders, who do not hold the shares through a permanent establishment or fixed base in Belgium, will generally not be subject to any Belgian income tax on capital gains realized upon the disposal of the shares (except for possible dividend withholding tax upon redemption of the shares, see above), unless (i) they hold a substantial participation of 25% and the bilateral tax treaty concluded between Belgium and their state of residence does not provide for an exemption from Belgian capital gains tax (16.5% tax plus communal surcharges), or (ii) in case the capital gain is the result of speculation or cannot be considered as the result of normal management of a private estate (33% tax plus communal surcharges) and the gain is obtained or acquired in Belgium.

18.3 Tax on stock exchange transactions

The purchase and sale or any other acquisition or transfer in Belgium, through a "professional intermediary", of existing shares in the Company (secondary market) give rise to tax on stock-exchange transactions at a rate of 0.17%, subject to a cap of €500 per transaction and per party and is collected by the professional intermediary on behalf of both parties involved.

In any event, this tax is not due for the following exempted persons acting for their own account: (i) professional intermediaries described in Articles 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services ("Wet betreffende het toezicht op de financiële sector en de financiële diensten"), (ii) insurance companies described in Article 2, §1 of the Belgian Act of 9 July 1975 on the supervision of insurance companies ("Wet betreffende de controle der verzekeringsondernemingen"), (iii) pension funds described in Article 2, 1° of the Act of 27 October 2006 on the supervision of pension funds ("Wet betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen"), (iv) collective investment undertakings, and (v) non-residents (upon delivery of a certificate on non-residency in Belgium).

The subscription for New Shares does not give rise to a tax on stock exchange transactions. The Additional Shares will be allocated on a priority basis to investors that are exempt from the tax on stock exchange transactions.

18.4 Tax on the physical delivery of bearer securities

Should the shares be physically delivered prior to 1 January 2008, after having been purchased on the secondary market, or in the event they have been withdrawn from open custody ("open bewaargeving"), through a professional intermediary, a 0.6% tax on the delivery of bearer securities is applicable. The tax is also due as a result of the conversion of registered shares into physically delivered bearer shares—see also "5.3 Application procedure—Form of the Offered Shares and VVPR strips".

No tax is due on the physical delivery of shares at the occasion of the subscription for the New Shares.

The tax is calculated based on the net purchase price (broker's commission fee and tax on stock market transactions not included) in case of a purchase, and based on the last official market quote of the shares published prior to the date on which the shares were withdrawn from open custody, or converted from registered into physically delivered bearer shares, as applicable.

The tax is due by either the professional intermediary or the company in charge of the deposit, as the case may be.

The delivery of bearer shares without any intervention of a professional intermediary is exempted from this tax. Also, the delivery of bearer shares to a pension fund which has been established as an "Organisme voor de Financiering van Pensioenen" ("OFP") is exempt from this tax.

Without prejudice to what is set out above under "Form of the Shares", in accordance with the Belgian Law of 14 December 2005 on the cancellation of bearer shares ("Wet houdende afschaffing van de effecten aan toonder"), all bearer shares held on securities accounts for which the physical delivery in bearer form has not been requested and obtained prior to 1 January 2008, will automatically be converted in dematerialized shares as from 1 January 2008. Bearer shares that are credited to a securities account after 31 December 2007 are also automatically converted into dematerialized shares as soon as they are put on such securities account. All shares for which the physical delivery in bearer form has been requested and obtained by 31 December 2007 at the latest, can remain in bearer form until 31 December 2013 at the latest, at which time they will be converted into dematerialized shares or registered shares, at the choice of the owner

18.5 VVPR Strips

The New Shares meet the conditions pursuant to which shares are entitled to a reduced withholding tax rate of 15% (instead of 25%) and are, therefore, eligible for the "Verminderde voorheffing" regime, and will be issued with VVPR Strips. However, the Additional Shares and the new shares issued as result of the exercise of the Over-allotment Option will not have a separate VVPR Strip. The Company and the Underwriters will use reasonable efforts to ensure that the shares with VVPR Strips are delivered to retail investors and to investors subject to Belgian legal entities tax ("rechtspersonenbelasting"), in this order of priority. However, no guarantee can be given in this respect. Should the total number of shares allocated to retail investors exceed the total number of VVPR Strips available, the VVPR Strips will be allocated among the retail investors on a pro rata basis.

The coupons representing the right to receive dividends at the ordinary withholding tax rate, are attached to each share. In addition, some shares will be accompanied by a second sheet of coupon, which gives the holder the right to benefit from the reduced withholding tax rate of 15%. The coupons of the second sheet must bear the same sequential numbers as those of the ordinary coupons and must bear the wording, in French, "Strip-PR" or, in Dutch, "Strip-VV" (together, "VVPR -Strips"). The VVPR Strips will be listed on Eurolist by Euronext Brussels and may be traded separately. They are offered as part of the Offering. The reduced withholding tax rate of 15% can be obtained by delivery of both coupons with the same number to the Company or the paying agent before the end of the third year following the year in which the dividend was attributed.

18.6 Capital gains and losses

Individual Belgian residents and individual Belgian non-residents holding the VVPR Strips as a private investment are not subject to Belgian capital gains tax upon the disposal of the VVPR Strips, and can not deduct losses incurred as a result of such disposal. Individual Belgian residents and individual Belgian non-residents may, however, be subject to a 33% tax (to be increased with the communal surcharge) if the capital gain is deemed to be speculative or if the capital gain is otherwise realized outside the scope of the normal management of one's private estate. Losses on speculative transactions or on transactions outside the scope of the normal management of a private estate are, in principle, deductible from the income realized pursuant to similar transactions during five consecutive taxable periods. Capital gains realized on VVPR Strips by Belgian resident investors holding the shares for professional purposes, or by non-resident investors, who acquired the VVPR Strips in the framework of a business conducted in Belgium through a fixed base or a Belgian establishment, are taxable as ordinary income, and losses on VVPR Strips are deductible. Legal entities subject to the Belgian tax on legal entities are not subject to Belgian capital gains tax upon the disposal of the VVPR Strips and cannot deduct losses incurred as a result of such disposal.

19 CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a description of certain material US federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of the shares. This description addresses only the US federal income tax considerations of holders that are initial purchasers of the shares pursuant to the international offering and that will hold such shares as capital assets. This description does not purport to address all material tax consequences of the ownership of the shares and does not address aspects of US federal income taxation that may be applicable to investors that are subject to special tax rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting;
- a partnership or other entity treated as a partnership for US federal income tax purposes;
- a tax-exempt organization;
- an individual retirement account or other tax deferred accounts;
- a bank, financial institution, or insurance company;
- a real estate investment trust, a regulated investment company, or a grantor trust;
- a person liable for alternative minimum tax;
- a person that actually or constructively owns 10% or more of our voting stock;
- a person who receives the shares as compensation for services;
- certain US expatriates;
- a person that holds shares as part of a straddle or a hedging, conversion or other integrated transaction;
- a person whose functional currency is not the US dollar; or
- a dual resident company.

Moreover, this description does not address United States federal estate and gift taxes or any state or local tax consequences of the acquisition, ownership and disposition of the shares.

This description is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, as well as the existing income tax treaty between the United States and Belgium (the "Belgium-US Treaty"), in each case as in effect on the date of this Prospectus, all of which are subject to change (or to changes in interpretation), possibly with retroactive effect.

The Company believes, and this discussion assumes, that the Company is not a passive foreign investment company ("PFIC") for US federal income tax purposes. The Company's status as a PFIC must be determined annually and therefore may be subject to change depending upon, among other things, changes in the income, activities or assets of the Company and the market value of the shares. If the Company were to become a PFIC for any taxable year, materially adverse consequences could result to US Holders (whether or not the Company continued to be a PFIC).

As used here, a "US Holder" means a beneficial owner of the shares that is for US federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation or other business entity created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust subject to the primary supervision of a US court and the control of one or more US persons or that has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in a partnership that holds shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of shares.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS

PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING US FEDERAL TAX PENALTIES; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE SHARES; AND (C) EACH INVESTOR SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES BASED ON ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE SHARES UNDER THE LAWS OF BELGIUM, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS, AND ANY OTHER JURISDICTIONS WHERE THE INVESTOR MAY BE SUBJECT TO TAXATION.

Dividends

Subject to the discussion below under "—Passive Foreign Investment Company Considerations," US Holders of shares will include in gross income as foreign-source dividend income, when actually or constructively received by the US Holder, the gross amount of any cash or the fair market value of any property distributed by the Company (before reduction for any Belgium withholding taxes) in respect of shares, including a pro rata redemption of its shares to the extent such distribution is paid out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). However, the Company does not intend to compute (or to provide US Holders with information necessary to compute) earnings and profits under US federal income tax principles. Accordingly, US Holders generally will be required to treat all distributions as taxable dividends.

Dividends will not be eligible for the dividends received deduction allowed to US corporate shareholders in respect of dividends received from other US corporations. Subject to applicable holding period and other limitations, the US dollar amount of dividends received on shares prior to 1 January 2011 by certain non-corporate US Holders will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends". Dividends paid on the shares would be treated as qualified dividends provided that the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC.

If the Company pays a dividend in a currency other than the US dollar, any such dividend will be included in the gross income of the US Holder in an amount equal to the US dollar value of the currency on the date of receipt, determined at the spot foreign currency/US dollar exchange rate on the date such dividend distribution is includible in the income of the US Holder, regardless of whether the payment is in fact converted into US dollars at that time. US Holders will have a tax basis in the currency received equal to its US dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible to the date such payment is converted into US dollars will be treated as ordinary income or loss from US sources.

Dividends will be treated as foreign source income for US foreign tax credit purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends will generally constitute "passive category income" or "general category income" depending upon the US Holder.

US Holders that are not exempt from Belgium withholding tax but are eligible to claim benefits under the Belgium-US Treaty may claim a reduced rate of Belgium withholding tax of 15% and, as discussed below (see "18 Taxation in Belgium"), should be able to claim a refund of Belgium withholding tax in excess of that rate. Subject to generally applicable limitations on foreign tax credit claims, a US Holder may claim a deduction or a foreign tax credit for Belgium tax withheld at a rate not in excess of that provided in the Belgium-US Treaty. Each US Holder should consult its own tax adviser regarding its eligibility for benefits under the Belgium-US Treaty and regarding the availability of the foreign tax credit under their particular circumstances. To the extent the dividends from the Company are qualifying dividend income, in computing foreign tax credit limitations, non-corporate US Holders may take into account the gross amount of the dividend multiplied by a fraction, the numerator of which is the special reduced rate described above, and the denominator of which is the highest ordinary income rate. Whether this partial exclusion affects a US Holder's ability to claim a foreign tax credit for the full amount of Belgium tax withheld will depend on each US Holder's particular circumstances. Each non-corporate US Holder should consult its own tax adviser concerning the foreign tax credit limitation implications of the receipt of a qualifying dividend. Taxes imposed on stock exchange transactions and on the physical delivery of bearer shares are not creditable. However, a U.S. Holder's tax basis in shares will include the amount of Belgian stock exchange tax paid by such U.S. Holder, if any.

Capital gains

Subject to the discussion below under "—Passive Foreign Investment Company Considerations," upon a sale or other disposition of shares, a US Holder will recognise gain or loss for US federal income tax purposes in an amount equal to the difference between the US dollar value of the amount realised and the US Holder's adjusted tax basis (determined in US dollars) in such shares. Generally, such gain or loss will be capital gain or loss, will be long-term capital gain or loss if the US Holder's holding period for such shares exceeds one year, and will be income or loss from sources within the United States for foreign tax credit limitation purposes. For non-corporate US Holders, the United States income tax rate applicable to net long-term capital gain currently will not exceed 15%. The deductibility of capital losses is subject to significant limitations. US Holders generally will have a tax basis in the shares equal to their purchase price (including Belgian stock exchange tax paid by such U.S. Holder, if any). US Holders that receive VVPR Strips in the Offering should allocate their purchase price (determined in US dollars) between the shares and the VVPR Strips, based on their respective fair market values as of the date of the purchase, for purposes of determining their tax basis in the shares and VVPR Strips for US federal income tax purposes.

With respect to the sale or exchange of shares, the amount realised generally will be the US dollar value of the payment received at the spot rate determined on (i) the settlement date in the case of a cash basis or electing accrual basis US Holder and (ii) the date of disposition in the case of a non-electing accrual basis US Holder. An accrual basis US Holder that does not elect to determine the amount realised using the spot rate on the settlement date will recognize gain or loss (generally treated as US source ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A US Holder will have a tax basis in the foreign currency received equal to the US dollar amount realised. Any currency exchange gain or loss realised on a subsequent conversion of the foreign currency into US Dollars for a different amount generally will be treated as ordinary income or loss from sources within the United States. However, if such foreign currency is converted into US dollars on the date received by the US Holder, a cash basis or electing accrual basis US Holder should not recognize any gain or loss on such conversion.

Passive foreign investment company

The Company believes that it is not currently a PFIC for US federal income tax purposes. However, the determination of whether a Company is a PFIC is made annually, and could change depending upon, among other things, changes in the income, assets and activities of the Company and the market value of the shares. Accordingly, no assurance can be provided that the Company will not be treated as a PFIC in a subsequent tax year. If the Company were a PFIC, non-corporate US Holders could not treat dividends received as qualified dividend income taxable at a reduced rate and US Holders could be subject to certain adverse US tax consequences summarized below. A non-US company is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the quarterly average value of its gross assets is attributable to assets that produce or are held to produce passive income.

If a company is a PFIC in any year when a US Holder owns its shares, the US Holder is subject to additional taxes on any excess distributions received from the company and any gain realised from the sale or other disposition of its shares (regardless of whether the company continues to be a PFIC). A US Holder has an excess distribution to the extent that distributions on the shares during a taxable year exceed 125% of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or the gain is allocated rateably over a US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

If the Company were a PFIC, a US Holder might be able to avoid some of the tax consequences described above by electing to mark the shares to market annually. A US Holder can elect to mark the shares to market only if the shares are marketable stock. The shares will be marketable stock if they are traded (other than in *de minimis* quantities) on a qualified exchange for at least 15 days during each calendar quarter. Because the shares will be traded on Euronext, the Company believes that the shares will be marketable stock, but each US Holder should consult its own tax advisor as to whether a mark-to-market

election is available or desirable. A valid mark to market election cannot be revoked without the consent of the US Internal Revenue Service unless the shares cease to be marketable. Any gain from marking the shares to market or from disposing of them is ordinary income. A US Holder can recognise loss from marking the shares to market, but only to the extent of its unreversed gains. Loss recognised from marking the shares to market is ordinary, but loss on disposing of them is capital loss except to the extent of unreversed gains. Each US Holder should ask its tax advisor whether a mark-to-market election is available or desirable.

If the Company were a PFIC, a US Holder could not avoid the tax consequences just described by electing to treat the Company as a qualified electing fund ("QEF"), because the Company will not prepare the information that a US Holder would need to make a QEF election.

Backup withholding and information reporting

Dividends on shares and proceeds from the sale or other disposition of shares made within the United States, or by a US payor or US middleman, to a holder of shares generally will be reported to the US Internal Revenue Service (the "IRS") unless the US Holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the US Holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. The backup withholding tax rate is currently 28%. A US Holder can claim a credit against its US federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability provided the required information is furnished to the IRS.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

20 UNDERWRITING AGREEMENT

20.1 The underwriting agreement

The Company and the Underwriters expect (but have no obligation) to enter into an underwriting agreement upon the determination of the Offer Price, which is expected to take place prior to the publication of the results of the Offering. The entering into the underwriting agreement may depend on various factors including, but not limited to, market conditions.

In the underwriting agreement, the Company is expected to make certain representations and warranties and agree to indemnify the Underwriters against certain liabilities.

Subject to the terms and conditions to be set forth in the underwriting agreement, the Underwriters will, severally but not jointly, agree to subscribe to and/or acquire in their own name the following percentages of the New Shares and VVPR Strips in the Offering with a view to immediately distributing these New Shares and VVPR Strips to the investors concerned:

J.P. Morgan Securities Ltd.	40%
KBC Securities NV	40%
Kempen & Co B.V.	10%
Piper Jaffray Ltd.	10%

The Underwriters will be under no obligation to purchase any New Shares prior to the execution of the underwriting agreement (and then only on the terms and subject to the conditions set out therein).

The Underwriters will distribute the New Shares and VVPR Strips to investors, subject to prior issue or sale, when, as and if issued or delivered to and accepted by them, subject to the satisfaction or waiver of the conditions that will be contained in the underwriting agreement.

The underwriting agreement is also expected to provide that, upon the occurrence of certain events, such as the suspension of trading on Eurolist by Euronext Brussels, or a material adverse effect on or affecting the value, state or condition (financial or otherwise) of, (i) the Company's equity, or (ii) the properties, assets, rights, business, management, prospects, earnings, sales, net worth or results of operations of the Company, the Underwriters will have the right to withdraw from the underwriting agreement and Offering before the delivery of the Offered Shares and VVPR Strips. In such event, the investors will be informed by publication in the Belgian financial press that no Offered Shares and VVPR Strips can be delivered and that their acceptances are cancelled.

20.2 Nature of the offering

The Offering consists of a public offering in Belgium and an offering to qualified and/or institutional investors in Belgium and internationally, including to qualified institutional buyers in the United States in reliance on Rule 144A under the Securities Act.

Each of the Underwriters has severally agreed to restrictions on where and to whom they and any dealer purchasing from them may offer and sell the Shares Offered as part of the distribution of the Shares Offered. Each of the Underwriters may offer and sell Shares Offered to qualified and/or institutional investors in Belgium and selected other jurisdictions outside of the United States as part of the institutional offering and to the public in Belgium as part of the public offering in Belgium. Certain of the Underwriters, through their respective selling agents, propose to resell the Shares Offered in the United States only to qualified institutional buyers in reliance on Rule 144A and only through broker-dealers who are registered as such under the U.S. Securities Exchange Act of 1934. Transactions between U.S. investors and any Underwriter that is not a U.S. broker/dealer will be effected by their respective selling agents noted in the preceding sentence in accordance with Rule 15a-6 under the U.S. Securities Exchange Act of 1934 and interpretations of the U.S. Securities and Exchange Commission thereunder. All offers and sales outside of the United States will be made in reliance on Regulation S under the Securities Act.

21 TRANSFER RESTRICTIONS

As a result of the following restrictions, you are advised to contact legal counsel prior to making any resale, pledge or transfer of the shares. Only the shares offered pursuant to the Offering will be subject to the following restrictions.

The Offering is being made in accordance with Rule 144A and Regulation S. The shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States except to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and to persons outside the United States in accordance with Regulation S. Terms used in this section that are defined in Rule 144A or Regulation S are used herein as so defined.

21.1 Rule 144A

Each purchaser of shares within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus and the shares, will be deemed to have represented, agreed and acknowledged that:

(1) the shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

(2) it is (i) a QIB, (ii) aware, and each beneficial owner of such shares has been advised, that the sale of such shares to it is being made in reliance on Rule 144A and (iii) acquiring such shares for its own account or for the account of a QIB;

(3) it agrees (or, if it is acting for the account of another person, such person has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer such shares except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction (as such term is defined in Regulation S under the US Securities Act) in accordance with Rule 903 or 904 of Regulation S (c) in accordance with Rule 144 under the Securities Act (if available), or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those shares of the resale restrictions referred to above;

(4) The Company and the Joint Global Coordinators and their affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs. If it is acquiring the Company's shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(5) it understands that the shares sold in the United States will bear a legend substantially to the following effect:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THE SHARES REPRESENTED HEREBY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THE SHARES REPRESENTED HEREBY, ACKNOWLEDGE THAT SUCH SHARES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY THAT (X) SUCH SHARES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE US SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) IN AN OFFSHORE TRANSACTION TO A PERSON OTHER THAN A US PERSON (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT) IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE US SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND THE BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFIED

INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT ("RULE 144A") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, AND (Y) THE SHARES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE US SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE US SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND THE BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS CERTIFICATE OR A BENEFICIAL INTEREST IN THE SHARES EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS."

Prospective purchasers are hereby notified that sellers of the shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

21.2 Regulation S

Each purchaser of shares outside the United States pursuant to Regulation S, by accepting delivery of this Prospectus and the shares, will be deemed to have represented, agreed and acknowledged that:

(1) it is aware that (a) the sale of the shares to it is being made pursuant to and in accordance with Rule 903 or 904 of Regulation S, (b) it is, or at the time such shares are purchased will be, the beneficial owner of those shares and (c) it is purchasing such shares in an offshore transaction meeting the requirements of Regulation S;

(2) it understands that the shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States;

(3) it acknowledges that the Company, the Joint Global Coordinators and their affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs; and

(4) it understands that the shares will bear a legend substantially to the following effect:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF SUCH SHARES IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THESE SHARES ACKNOWLEDGE THAT SUCH SHARES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY THAT THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE US SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS CERTIFICATE OR A BENEFICIAL INTEREST IN THE SHARES EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS."

22 VALIDITY OF SECURITIES

The validity of the Offered Shares will be passed upon by Eubelius, the Company's Belgian counsel, and by Freshfields, counsel for the Joint Global Coordinators. The Company is also being represented by Baker & McKenzie LLP, its US counsel.

23 INDEX TO FINANCIAL STATEMENTS UNDER IFRS AND BELGIAN GAAP

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FINANCIAL STATEMENTS UNDER IFRS AND BELGIAN GAAP

1 INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AS PER 31 DECEMBER 2006, 2005 AND 2004 UNDER IFRS

To the Board of Directors and
Shareholders of Ablynx NV

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Ablynx NV (the Company), which comprise the balance sheet as at December 31, 2006, December 31, 2005 and December 31, 2004, and the income statement, statement of changes in shareholders' equity and cash flow statement for each of the three years in the period ended December 31, 2006, and a summary of significant accounting policies and other explanatory notes. The financial statements are set forth on pages F-2 to F-30.

The Company's board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Company's internal control relating to preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have also evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements taken as a whole. Finally, we have obtained from the board of directors and Company's officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our audit opinion.

In our opinion, the financial statements set forth on pages F-2 to F-30 give a true and fair view of the Company's net worth and financial position as of December 31, 2006, December 31, 2005 and December 31, 2004, and of its results and cash flows for each of the three years in the period ended December 31, 2006 in accordance with International Financial Reporting Standards as adopted by the European Union.

Brussels, Belgium
August 29, 2007

PricewaterhouseCoopers Bedrijfsrevisoren
represented by

Raf Vander Stichele

2 FINANCIAL STATEMENTS AS PER 31 DECEMBER 2006, 2005 AND 2004 UNDER IFRS

2.1 Balance sheet

	Notes	As at December 31, 2006	2005	2004
			(€'000)	
Non-current assets		2,525	1,970	2,006
Intangible assets	3.6	899	1,128	1,312
Property, plant and equipment	3.7	1,626	842	694
Current assets		28,147	13,291	8,983
Trade receivables	3.8	1,369	436	161
Other current assets	3.8	596	314	180
Accrued income and deferred charges	3.8	383	796	455
Cash and cash equivalents	3.9	25,799	11,745	8,187
Total assets		**30,672**	**15,261**	**10,989**
Equity		20,051	12,885	9,774
Share capital	3.10	24,416	17,661	5,161
Share premium account	3.10	26,530	13,425	13,425
Share-based payments	3.11	780	241	50
Retained earnings		(31,675)	(18,442)	(8,862)
Non-current liabilities		154	0	0
Borrowings	3.12	154	0	0
Current liabilities		10,467	2,376	1,215
Borrowings	3.12	178	0	0
Trade payables	3.13	2,302	1,046	563
Other current liabilities	3.13	1,097	492	429
Deferred income	3.13	6,890	838	223
Total liabilities		10,621	2,376	1,215
Total equity and liabilities		**30,672**	**15,261**	**10,989**

The notes on pages F-6 to F-30 are an integral part of these financial statements.

2.2 Income statement

	Notes	Year ended December 31, 2006	2005	2004
			(€'000)	
Revenue				
Research and development		*3,628*	*458*	*23*
Grants		*341*	*386*	*1,067*
Total revenue		3,969	844	1,090
Research and development expense	3.16	(13,504)	(8,041)	(4,934)
General and administrative expense	3.17	(4,160)	(2,760)	(1,684)
Total operating expenses		(17,664)	(10,801)	(6,618)
Other operating income/(expense)	3.18	48	20	11
Operating result		(13,647)	(9,937)	(5,517)
Finance income (net)	3.21	414	359	107
Loss before taxes		(13,233)	(9,578)	(5,410)
Income tax expense	3.22	0	(2)	0
Loss of the year		(13,233)	(9,580)	(5,410)
Basic and diluted loss per share (in €)	3.23	(0.38)	(0.34)	(0.23)
Basic and diluted loss per share after reverse split (in €)[1]		(0.76)	(0.69)	(0.47)

(1) Subject to approval by the General Assembly and subject to IPO.

The notes on pages F-6 to F-30 are an integral part of these financial statements.

2.3 Statement of changes in shareholder's equity

	Share capital					
	Preferred stock	Common stock	Share premium	Share-based payments	Retained loss	Total equity
			(€'000)			
Balance at January 1, 2004	**84**	**1**	**6,299**	**17**	**(3,452)**	**2,949**
Capital increase	17,874		7,126			
Of which unpaid capital	(12,500)					
Issuance costs	(298)					
Share-based payments				33		
Loss of the year					(5,410)	
Balance at December 31, 2004	**5,160**	**1**	**13,425**	**50**	**(8,862)**	**9,774**
Unpaid capital paid up	12,500					
Issuance costs						
Share-based payments				191		
Loss of the year					(9,580)	
Balance at December 31, 2005	**17,660**	**1**	**13,425**	**241**	**(18,442)**	**12,885**
Capital increase	26,895		13,105			
Of which unpaid capital	(20,000)					
Issuance costs	(140)					
Share-based payments				539		
Loss of the year					(13,233)	
Balance at December 31, 2006	**24,415**	**1**	**26,530**	**780**	**(31,675)**	**20,051**

The notes on pages F-6 to F-30 are an integral part of these financial statements.

2.4 Cash flow statement

Cash flows from operating activities

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Loss before income tax	(13,233)	(9,578)	(5,410)
Adjustments for:			
Amortization (note 3.6)	254	242	230
Depreciation (note 3.7)	585	371	332
(Profit)/loss on disposal of property, plant and equipment	(22)	0	0
Share-based payment expense (note 3.16 and 3.17)	539	191	33
Finance income—net (note 3.21)	(420)	(364)	(110)
Net movement in trade and other receivables	(802)	(750)	(162)
Net movement in trade and other payables	7,913	1,161	654
Cash used in operations	**(5,186)**	**(8,727)**	**(4,433)**
Interest paid (note 3.21)	(1)	0	0
Interest received (note 3.21)	421	364	110
Income tax paid (note 3.22)	0	(2)	0
Net cash used in operating activities	**(4,766)**	**(8,364)**	**(4,323)**
Cash flows from investing activities			
Purchases of property, plant and equipment (note 3.7)	(1,447)	(519)	(714)
Proceeds from sale of property, plant and equipment	100	0	0
Purchases of intangible assets (note 3.6)	(25)	(58)	(12)
Net cash used in investing activities	**(1,372)**	**(577)**	**(726)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	19,860	12,500	12,202
Proceeds from borrowings	438	0	0
Repayments of borrowings	(106)	0	0
Net cash generated from financing activities	**20,192**	**12,500**	**12,202**
Net (decrease)/increase in cash and cash equivalents	**14,054**	**3,558**	**7,153**
Cash and cash equivalents at beginning of the period	11,745	8,187	1,034
Cash and cash equivalents at end of the period	**25,799**	**11,745**	**8,187**

The notes on pages F-6 to F-30 are an integral part of these financial statements.

3 NOTES TO THE FINANCIAL STATEMENTS

3.1 General information

The Company was incorporated on 4 July 2001 under the name "MatchX". It changed its name to "Ablynx" on 12 June 2002. Ablynx is a public limited liability company ("*naamloze vennootschap*" or "*NV*") organized and existing under the laws of Belgium with registered office at Technologiepark 4, B-9052 Zwijnaarde, Belgium (company number 0475.295.446 (RPR Ghent).

Ablynx is a biopharmaceutical company focused on the discovery and development of Nanobodies® ("Nanobodies"), a new therapeutic class of novel proteins that are derived from naturally occurring antibodies. Nanobodies represent the smallest functional fragments of a heavy chain antibody, which occur naturally in the *Camelidae* family, including camels and llamas. These stable "heavy chain only" antibodies are not found in any other mammals.

The Company's most advanced development program is focused on thrombosis. Currently, the lead compound in this program, ALX-0081, is in Phase I clinical development.

Since 2004**,** Ablynx has entered into a number of important scientific and commercial collaborations including ventures with Boehringer Ingelheim ("BI"), Centocor Research & Development (a wholly owned subsidiary of Johnson & Johnson) ("Centocor"), Novartis, Procter & Gamble Pharmaceuticals Inc ("P&GP") and Wyeth Pharmaceuticals ("Wyeth").

To date, the Company has raised €70 million private equity financing. It has research facilities in Ghent, Belgium, and Porto, Portugal and as at 30 June 2007 it had more than 100 employees, approximately 35% of whom hold PhD degrees.

3.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are presented in thousands of Euro (unless stated otherwise).

The financial statements have been approved for issue by the Board of Directors on 29 August, 2007.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The financial statements are covered by IFRS "First-time adoption of IFRS" as 2006 is the first full year in which the Company's financial statements are prepared in accordance with IFRS as adopted by the European Union. Reconciliations and descriptions of the effect of the transition from Belgian GAAP to IFRS on the Company's equity and its net income are presented in note 3.28.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.4.

As required by Belgian Company Law, the Company continues to prepare financial statements in accordance with Belgian General Accepted Accounting Principals which is the Company's primary reporting framework. The Company will prepare the required reconciliations and descriptions of differences between Belgian GAAP and IFRS on the Company's equity and its net income for each interim and year-end reporting period.

(a) Adoption of IFRS 2

The Company has chosen to apply IFRS 2 to all warrants (Equity settled share-based payment transactions), granted after 7 November 2002 and that have not vested at the effective date of this IFRS (January 1, 2005).

(b) Standards early adopted by the Company

The Company early adopts IFRS 7: Financial Instruments Disclosures.

(c) Standards, amendments and interpretations effective in 2006 but not relevant

— Cash flow hedge accounting of forecast intra-group transactions

— IAS 39 & IFRS 4: Financial Guarantee Contracts

— IFRIC 4: Determining whether an arrangements contains a lease

— IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation funds

— IFRIC 6: Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

— IAS 21: Net Investment in a Foreign Operation

— IFRS 6: Exploration for and evaluation of mineral resources

(d) Interpretations to existing standards that are not yet effective and have not been early adopted by the Company

— IAS 1: Amendment to Capital disclosures

— IFRS 8: Operating Segments

— Scope of IFRS 2

— IFRIC 10: Interim Financial Reporting and Impairment

— IFRIC 11: Group and Treasury Share Transactions

(e) Interpretations to existing standards that are not yet effective and not relevant for the Company's operations

— IFRIC 9: Reassessment of Embedded Derivatives

— IFRIC 12: Service Concession Agreements

3.2.2 Consolidation

The Company at present is a stand-alone entity. The research activities take place in the main research facility in Ghent and the branch in Portugal, which is integrated in the financial statements.

3.2.3 Segment reporting

The Company does not distinguish different segments, neither business nor geographical segments.

3.2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (*functional currency*). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to

changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

	Closing rate			Average rate		
1 Euro = × foreign currency	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
U.S. Dollar	1.3170	1.1797	1.3621	1.2556	1.2441	1.2439
GB Pound	0.6715	0.6853	0.7051	0.6817	0.6838	0.6787

3.2.5 Revenue recognition

The Company generates revenue from research collaboration agreements and from government grants.

3.2.5.1 Research collaboration agreements

These research agreements typically contain license fees, non-refundable up-front access fees, research and development service fees and milestone payments. The revenue recognition policy for research projects can be summarized as follows:

— License fees are recognized when the Company has fulfilled all conditions and obligations. The license fee will not be recognized if the amount cannot be reasonably estimated and if the payment is doubtful. As the Company has a continuing involvement during the license period, license fees are recognized ratably over the term of the agreement.

— Non-refundable up-front fees for access to prior research results and databases are recognized when earned, if the Company has no continuing performance obligations and all conditions and obligations are fulfilled (this means after the delivery of the required information). If the Company has continuing performance obligations towards the client research fees, the fee will be recognized on a straight-line basis over the contractual performance period (with adjustment to the actual performance period at the end of the contract or at the actual termination date).

— Research and development service fees are recognized as revenue over the life of the research agreement as the required services are provided and costs are incurred. These services are usually in the form of a defined number of full-time equivalents ("FTE") at a specified rate per FTE.

— Milestone payments are recognized as revenue upon the achievement of the milestone, when all conditions attached have been fulfilled.

Deferred revenue represents amounts received prior to revenue being earned.

3.2.5.2 Government grants

Grants related to research projects received from governmental agencies (such like the IWT) or the European Community for specific research projects, are recognized when the relating research and development costs are incurred and when there is reasonable assurance the Company will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are separately presented in the income statement as revenue.

3.2.6 Intangible assets

(a) Internally generated intangible assets

Research expenses are charged to the profit and loss statement as incurred.

Development costs are only capitalized if the following conditions are met:

— the internally developed intangible asset is identifiable and controlled by the entity

— the asset will generate future economic benefits

— the development costs can be measured reliable

At present, the current stage of development activities does not allow any capitalization of intangible assets. The existing regulatory and clinical risks constitute an important uncertainty with respect to the capitalization of development costs.

As no internally generated assets are recognized, all costs with respect to the protection of intellectual property are expensed as R&D-expenses.

(b) Purchased intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight line basis over their estimated useful lives of maximum three years.

Acquired knowledge in the form of licenses is recorded at cost less accumulated amortization and impairment. It is amortized on a straight line basis over the shorter of the term of the license agreement and its estimated useful life.

3.2.7 Property, plant and equipment

An item of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. Costs relating to the day-to-day servicing of the item are recognized in the income statement as incurred. Gains and losses on the disposal of property, plant and equipment are recognized in other income or expense.

A pro rata straight-line depreciation method is used to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. The residual value and the useful life of an asset is reviewed each financial year-end for possible impairment. Depreciation is charged to the income statement on the following basis:

- Equipment: 3 years
- Hardware: 3 years
- Furniture: 5 years
- Leasehold improvements: the shorter of the useful life or the minimum rent term

Property, plant and equipment under construction are not depreciated.

3.2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.2.9 Derivative financial instruments and hedging activities

The Company has no derivative financial instruments, in all material respect, to hedge interest rate and foreign currency risk.

3.2.10 Trade receivables

Trade receivables are measured at nominal value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

3.2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3.2.12 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

3.2.13 Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

3.2.14 Borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of transaction costs.

The financial charges are accounted for on an accrual basis using the effective interest rate method and added to the carrying amount of the borrowing to the extent that they are not settled in the period in which they arise.

3.2.15 Income taxes

Income taxes are accrued for in the same period as the related revenues and expenses. The taxable result can differ from the net profit or loss, because of revenues and expenses which are taxable in another fiscal year or that will never be taxable or deductible.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

As such, a deferred tax asset for the carry forward of unused tax losses will be recognized to the extent that is probable that future taxable profit will be available.

3.2.16 Employee benefits

The Company offers a pension scheme, taking the form of a group insurance plan. Substantially all employees have access to this scheme. These plans are defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contribution into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits they are entitled to under the existing schemes. The pension contributions paid by the Company to the group insurance plan are expensed when due.

3.2.17 Provisions

Long-term provisions are recognized when:

(a) The Company has a present legal or constructive obligation as a result of a past event;

(b) It is probable that an outflow of resources will be required to settle the obligation;

(c) A reliable estimate of the amount of the obligation can be made.

3.2.18 Leases

A financial lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset.

The cost of assets acquired by way of a finance lease is measured at the lower of the fair value of the leased asset and the present value of the minimum lease payments, using the interest rate implicit in the lease as the discount rate, both determined at the inception of the lease. Initially incurred costs, directly attributable to the arrangement of the finance lease, are added to the amount recognized as an asset.

Assets acquired under financial leases are depreciated over the shorter of the lease term and their estimated useful life if it is not reasonably certain that the entity will obtain ownership of the asset by the end of the lease term.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

3.2.19 Share-based payment transactions

The Company has offered equity-settled, share-based compensation plans to its employees and executive management. The cost with respect to the employee services received in compensation for the grant of these warrants is recognized as an expense.

The total amount of expense is recognized over the vesting period and determined based upon the fair value of the warrants at grant date. The fair value of each warrant is estimated on the date of grant using the Black & Scholes model with the following assumptions: expected stock price volatility of 60%, 7 year risk free interest rate at valuation date and 7 years expected duration. The total cost is initially estimated based upon the number warrants that will become exercisable. At each balance date, the entity revises its estimates of the number of warrants that will become exercisable. The impact of the revision is recognized in the income statement over the remaining vesting period with a corresponding adjustment to equity.

3.2.20 Earnings per share

Basic net profit/(loss) per share is computed based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted net profit/(loss) per share is computed based on the weighted-average number of ordinary shares outstanding including the dilutive effect of warrants. Warrants should be treated as dilutive, when and only when their conversion to ordinary shares would decrease net profit per share from continuing operations.

The received amount, less any directly attributable issuance costs, will be recorded as share capital and share premium at the time of exertion.

3.3 Risk management

3.3.1 Financial risk factors

— *Interest rate risk*

The interest rate risk is very limited as the Company has only an insignificant amount of long term borrowings.

The cash has been entirely placed on term deposits shorter than 3 months.

— *Credit risks*

The credit risk relates to the accounts receivable account. As the Company deals with creditworthy partners, no significant risk exists.

— *Currency risks*

The Company may be subject to limited currency risk as certain research agreements have been signed in foreign currency, mostly USD. The Company did not enter into any currency hedging arrangements in order to cover its exposure.

3.3.2 Capital risk management

Ablynx's objectives when managing capital are to safeguard Ablynx' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the costs of capital.

3.3.3 Fair value estimation

The carrying amount of the borrowings approximates its fair value at reporting date.

3.4 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 Segment information

The Company does not distinguish different segments, neither business nor geographical segments.

3.6 Intangible assets

	Patents	Software	Total
		(€'000)	
As at January 1, 2004			
Cost	2,000	3	2,003
Accumulated amortization and impairment	(471)	(2)	(473)
Net book amount	1,529	1	1,530
Year ended December 31, 2004			
Opening net book amount	1,529	1	1,530
Additions	0	12	12
Amortization charge	(228)	(2)	(230)
Closing net book amount	1,301	11	1,312
As at December 31, 2004			
Cost	2,000	15	2,015
Accumulated amortization and impairment	(699)	(4)	(703)
Net book amount	1,301	11	1,312
Year ended December 31, 2005			
Opening net book amount	1,301	11	1,312
Additions	0	58	58
Amortization charge	(227)	(15)	(242)
Closing net book amount	1,074	54	1,128
As at December 31, 2005			
Cost	2,000	73	2,073
Accumulated amortization and impairment	(926)	(19)	(945)
Net book amount	1,074	54	1,128
Year ended December 31, 2006			
Opening net book amount	1,074	54	1,128
Additions	0	25	25
Amortization charge	(227)	(27)	(254)
Closing net book amount	847	52	899
As at December 31, 2006			
Cost	2,000	98	2,098
Accumulated amortization and impairment	(1,153)	(46)	(1,199)
Net book amount	847	52	899

The intangible assets mainly consist of a portfolio of patents of which the remaining amortization period of this portfolio is 6.5 years. The carrying amount amounts to €847,000 per December 31, 2006.

3.7 Property, plant and equipment

	Equipment	Furniture	Equipment under leasing	Leasehold improvements[3]	PPE under construction	Total
				(€'000)		
As at January 1, 2004						
Cost	475	28	0	75	0	578
Accumulated depreciation and impairment	(225)	(7)	0	(34)	0	(266)
Net book amount	250	21	0	41	0	312
Year ended December 31, 2004						
Opening net book amount	250	21	0	41	0	312
Additions	675	0	0	39	0	714
Depreciation charge	(297)	(5)	0	(30)	0	(332)
Closing net book amount	628	16	0	50	0	694
As at December 31, 2004						
Cost	1,150	28	0	114	0	1,292
Accumulated depreciation and impairment	(522)	(12)	0	(64)	0	(598)
Net book amount	628	16	0	50	0	694
Year ended December 31, 2005						
Opening net book amount	628	16	0	50	0	694
Additions	477	0	0	42	0	519
Depreciation charge	(335)	(5)	0	(31)	0	(371)
Closing net book amount	770	11	0	61	0	842
As at December 31, 2005						
Cost	1,627	28	0	156	0	1,811
Accumulated depreciation and impairment	(857)	(17)	0	(95)	0	(969)
Net book amount	770	11	0	61	0	842
Year ended December 31, 2006						
Opening net book amount	770	11	0	61	0	842
Additions	888	66	308	83	102	1,447
Disposals—cost	0	0	0	(174)	0	(174)
Disposals—accumulated depreciation and impairment	0	0	0	96	0	96
Depreciation charge	(518)	(9)	(51)	(7)	0	(585)
Closing net book amount	1,140	68	257	59	102	1,626
As at December 31, 2006						
Cost	2,515	94	308	65	102	3,084
Accumulated depreciation and impairment	(1,375)	(26)	(51)	(6)	0	(1,458)
Net book amount	1,140	68	257	59	102	1,626

(3) The improvements are related to the renting of the Company's premises.

3.8 Trade receivables and other current assets

	As at December 31,		
	2006	2005	2004
		(€'000)	
Trade receivables			
Trade receivables	1,393	436	161
Credit notes to be issued	(24)	0	0
Total	1,369	436	161
Other current assets			
VAT receivable	466	239	154
Income tax receivable	116	72	25
Other receivables	14	3	1
Total	596	314	180
Accrued income and deferred expenses			
Accrued income	274	712	423
Deferred expenses	109	84	32
Total	**383**	**796**	**455**

Trade receivables consist of amounts due from research collaboration partners. The nominal amount of both trade and other receivables approximates the fair value.

The income tax receivable relates to recoverable withholding taxes paid on interest income. Accrued income consists of revenue recognized on IWT-grants for which no payments have been received yet.

As of 31 December 2006, trade receivables of €823,000 were past due but not impaired. The trade receivables relate to a number of high ranked international customers for whom there is no recent history of default. The ageing analysis of the past due trade receivables is as follows:

	As at December 31,		
	2006	2005	2004
		(€'000)	
Up to 1 month	823	0	0
Between 1 & 3 months	0	50	161
Over 3 months	0	0	0

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	As at December 31,		
	2006	2005	2004
		(€'000)	
€	1,109	436	161
US dollar	420	0	0

3.9 Cash and cash equivalents

	As at December 31,		
	2006	2005	2004
		(€'000)	
Short Term Bank Deposits	25,600	11,497	8,000
Cash at bank and on hand	199	248	187
Total	**25,799**	**11,745**	**8,187**

Short-term bank deposits consist of cash placed on term accounts for a period shorter than three months.

3.10 Share capital

The number of issued and outstanding shares is expressed in units.

	As at December 31,		
	2006	2005	2004
Class A Preferred Share			
number of issued and outstanding shares	3,000,000	3,000,000	3,000,000
share capital (in €'000)	93	93	93
share premium (in €'000)	1,938	1,938	1,938
Class B Preferred Shares			
number of issued and outstanding shares	2,500,000	2,500,000	2,500,000
share capital (in €'000)	77	77	77
share premium (in €'000)	1,454	1,454	1,454
Class C Ordinary Shares			
number of issued and outstanding shares	181,437	181,437	181,437
share capital (in €'000)	6	6	6
of which unpaid (in €'000)	(4)	(4)	(4)
share premium (in €'000)	0	0	0
Class D Preferred Shares			
number of issued and outstanding shares	3,000,000	3,000,000	3,000,000
share capital (in €'000)	93	93	93
share premium (in €'000)	2,907	2,907	2,907
Class E Preferred Shares			
number of issued and outstanding shares	19,230,769	19,230,769	19,230,769
share capital (in €'000)	17,874	17,874	17,874
of which unpaid (in €'000)	0	0	(12,500)
share premium (in €'000)	7,126	7,126	7,126
Class F Preferred Shares			
number of issued and outstanding shares	20,000,000	0	0
share capital (in €'000)	26,895	0	0
of which unpaid (in €'000)	(20,000)	0	0
share premium (in €'000)	13,105	0	0
Transaction costs (cumulative)	(618)	(478)	(478)
Total number of issued and outstanding shares	**47,912,206**	**27,912,206**	**27,912,206**
Total share capital (€'000)	**24,416**	**17,661**	**5,161**
Total share premium (€'000)	**26,530**	**13,425**	**13,425**

Category	Transaction date	# of shares	Par value (€)
Class A Preferred Shares	July 4, 2001	1,000,000	0.031
Class B Preferred Shares	July 4, 2001	1,000,000	0.031
Class C Ordinary Shares	October 9, 2001	181,437	0.031
Class A Preferred Shares	November 14, 2001	2,000,000	0.031
Class B Preferred Shares	November 14, 2001	1,500,000	0.031
Class D Preferred Shares	August 1, 2002	3,000,000	0.031
Class E Preferred Shares	March 31, 2004	19,230,769	0.929
Class F Preferred Shares	August 23, 2006	20,000,000	1.345
Total issued and outstanding shares		**47,912,206**	

The Company increased its share capital on the 31st of March 2004. The extraordinary shareholders' meeting approved the issuance of 19,230,769 shares of class E for an amount of €25,000,000, of which €17,873,809.35 in share capital and €7,126,190.65 in share premium. The shares were subscribed to by Abingworth Bioventures IV LP (5,338,846 shares), Abingworth Bioventures IV Executives LP (45,769 shares), ACP IV LP (4,230,769 shares), Adviesbeheer GIMV Life Sciences NV (432,692 shares), Biotech

Fund Flanders (961,539 shares), Gilde Europe Food and Agribusiness Fund BV (1,923,077 shares), GIMV NV (2,451,923 shares) and Sofinnova Capital IV FCPR (3,846,154 shares).

The Company increased its share capital on the 23rd of August 2006. The extraordinary shareholders' meeting approved the issuance of 20,000,000 shares of class F for an amount of €40,000,000, of which €26,894,539.74 in share capital and €13,105,460.26 in share premium. The shares were subscribed to by Abingworth Bioventures IV LP (2,230,875 shares), Abingworth Bioventures IV Executives LP (19,125 shares), Alta (2,040,396 shares), Adviesbeheer GIMV Life Sciences NV (254,302 shares), Biotech Fund Flanders (3,000,000 shares), VIB (250,000 shares), Gilde Europe Food and Agribusiness Fund BV (2,154,753 shares), SR One (1,000,000 shares), BioQuest NV (100,000 shares), KBC Private Equity NV (2,750,000 shares), KBC Private Equity Fund Biotech (750,000 shares), GIMV NV (1,441,042 shares) and Sofinnova Capital IV FCPR (4,009,507 shares).

At the end of 2006, the share capital of the Company amounted to €24,415,417(net of cumulative transaction costs), represented by 47,730,769 preferred shares and 181,437 ordinary shares, giving a total of 47,912,206 shares.

No warrants have been exercised up until the 31st of December 2006.

Voting rights

Each share gives right to one vote. If the share is encumbered by usufruct, the voting rights attached to the share shall be exercised by the usufructuary. The voting rights attached to pledged shares shall be exercised by the owner-pledger.

Dividends

The Company has never distributed any dividends to its shareholders. According to the Belgian law, the Company is required to deduct at least 5% from its profit to constitute the legal reserve until it reaches one/tenth of the Company's statutory share capital. As of December 31, 2006 no profits were available for distribution.

Preferential subscription right

With each capital increase, the shares to be subscribed in cash must first be offered to the current shareholders, pro rata to the part of the capital constituted by their shares, during a period of at least fifteen days from the date on which the subscription is opened.

If the share is encumbered with usufruct, the bare owner shall benefit from the preferential subscription right; if the latter renounces this pre-emption right, fully or partly, the usufructuary shall benefit from it.

The Shareholders Meeting may restrict or exclude the preferential subscription right in the interest of the Company, thereby respecting the applicable legal provisions. The restriction or exclusion of the preferential subscription right has to be adopted with a majority of seventy-five percent majority of the votes within each class of shares.

*Liquidation rights**

After settlement of all debts, charges and costs of the liquidation or after consigning the necessary funds to settle them, the liquidators shall distribute the net assets, in cash, shares or in other assets, among the shareholders, in the following order:

— First, the holders of shares of Class F are entitled to receive an amount equal to the (paid up) historical subscription price (share capital + share premium) for each F share;

— Secondly, the holders of shares of Class E are entitled to receive an amount equal to the (paid up) historical subscription price (share capital + share premium) for each E share;

— The holders of shares of Class A and D are entitled to receive an amount equal to the (paid up) historical subscription price (share capital + share premium) for each A or D share;

— Finally, the holders of all other remaining shares are entitled to receive an amount equal to the (paid up) historical subscription price (share capital + share premium) for each share.

*Distribution of sale proceeds**

In case of a transfer to one or more third parties of all or a vast majority of the shares or assets of the Company, the net proceeds of such transfers will be distributed among the shareholders in accordance with the articles of association of the Company.

*Right of pre-emption**

In case a shareholder transfers all or a part of his shares to a third party, then he should, before transferring the shares to the third party, offer these shares to the other shareholders of the Company who own each at least 2% of the shares.

*Anti-dilution Warrants**

The Extraordinary Shareholders Meeting of March 31, 2004 approved the issuance of warrants to provide a certain measure of anti-dilution protection ("Anti-dilution Warrants") for the shareholders holding Preferred Class E shares. The Company issued a total of 24 Anti-dilution Warrants, free of charge. When a dilutive capital increase occurs, the Anti-dilution Warrants will be exercisable against payment of an aggregate amount of EUR 1 per warrant exercised. The number of new Preferred Class E shares for which a holder of an Anti-dilution Warrant will be entitled to subscribe upon exercise is determined by an exercise ratio.

The Extraordinary Shareholders Meeting of August 23, 2006 approved the issuance of warrants to provide a certain measure of anti-dilution protection ("Anti-dilution Warrants") for the shareholders holding Preferred Class F shares. The Company issued a total of 75 Anti-dilution Warrants, free of charge. When a dilutive capital increase occurs, the Anti-dilution Warrants will be exercisable against payment of an aggregate amount of EUR 1 per warrant exercised. The number of new Preferred Class F shares for which a holder of an Anti-dilution Warrant will be entitled to subscribe upon exercise is determined by an exercise ratio.

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* Upon the Offering these rights will be cancelled.

3.11 Share-based payments

(a) Warrants issued in November 2001 and August 2002 for shareholders

Abovementioned warrants plans could be exercised at any moment for 18 months at an exercise price of EUR 2 for one share A or D. The warrants were thus exercisable until February 2004. None of warrants were exercised and are therefore lapsed per 31 December 2006.

(b) Warrants issued in June 2002 for employees and directors

During the Extraordinary Shareholders Meeting of the 12th of June 2002, the Board of Directors was allowed to issue a total number of 544,311warrants to directors. On that same date, the Board of Directors also issued 152,000 warrants to employees, making use of the authorized capital.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 0.50 per warrant). For directors, the warrants become vested on a quarterly basis (6,25% per quarter). For employees, the warrants become vested immediately on the issue date of the warrants.

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 2006 until July 2009). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

(c) Warrants issued in July 2003 for employees and consultants

During the Extraordinary Shareholders Meeting of the 2nd of July 2003, abovementioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 431,000 warrants to certain employees and external consultants.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 0.70 per warrant). For employees, the warrants become vested on a quarterly basis (6.25% per quarter). For consultants, the warrants become vested immediately on the issue date of the warrants.

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 2007 until July 2010). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

(d) Warrants issued in December 2004 for employees and consultants

During the Extraordinary Shareholders Meeting of the 28th of December 2004, abovementioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 480,000 warrants to certain employees and external consultants.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 0.90 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 2008 until December 2011). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

(e) Warrants issued in December 2005 for employees and consultants

During the Extraordinary Shareholders Meeting of the 15th of December 2005, abovementioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 509,500 warrants to certain employees and external consultants.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 0,90 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 2009 until December 2012). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

(f) Warrants issued in July 2006 for employees and consultants

During the Extraordinary Shareholders Meeting of the 13th of July 2006, abovementioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 1,760,000 warrants to certain employees and external consultants.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 1,00 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 2010 until July 2013). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

(g) Warrants issued in December 2006 for employees

During the Extraordinary Shareholders Meeting of the 29th of December 2006, abovementioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 165.000 warrants to certain employees and external consultants.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (EUR 1.40 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 2010 until December 2013). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

	Warrants 2002	Warrants 2003	Warrants 2004	Warrants 2005	Warrants 2006	Warrants 2006
Number of warrants granted	696,311	426,000	477,000	509,500	1,750,000	135,000
Number of warrants not vested at 31/12/2006	0	37,219	223,500	382,125	1,750,000	135,000
Exercise price (in Euro)*	0.50	0.70	0.90	0.90	1.00	1.40
Expected dividend yield	0.00	0.00	0.00	0.00	0.00	0.00
Expected stock price volatility	60%	60%	60%	60%	60%	60%
Risk-free interest rate	4.95%	3.50%	3.33%	3.20%	3.95%	3.95%
Expected duration	7.00	7.00	7.00	7.00	7.00	7.00
Fair value (in Euro)	0.32	0.44	0.56	0.56	0.63	0.88

* Equals the fair market value of the underlying shares on the grant date.

	Warrants 2002	Warrants 2003	Warrants 2004	Warrants 2005	Warrants 2006	Warrants 2006	Total number	Average Exercise price (in Euro)
Outstanding at January 1, 2006	696,311	426,000	462,000	509,500	0	0	2,093,811	0.73
Granted	0	0	0	0	1,750,000	135,000	1,885,000	1.03
Forfeited	0	30,000	0	0	0	0	30,000	0.00
Exercised	0	0	0	0	0	0	0	0.00
Expired	0	0	0	0	0	0	0	0.00
At December 31, 2006								
Outstanding	696,311	396,000	462,000	509,500	1,750,000	135,000	3,948,811	0.87
Non-vested	0	37,219	223,500	382,125	1,750,000	135,000	2,527,844	
Exercisable	696,311	0	0	0	0	0	696,311	0.50

3.12 Borrowings

	As at December 31,		
	2006	2005	2004
		(€'000)	
Non-current			
Secured	68	0	0
Non-secured	86	0	0
Total	**154**	**0**	**0**
Current			
Secured	137	0	0
Non-secured	41	0	0
Total	**178**	**0**	**0**

The leasing borrowing has been secured with the asset it provides financing for.

This asset is a cellular detection system.

Maturity Table

The maturity of non-current borrowings (including financial lease) is as follows:

	As at December 31,		
	2006	2005	2004
		(€'000)	
Borrowings			
Between 1 and 2 years	112	0	0
Between 2 and 5 years	42	0	0
Total	**154**	**0**	**0**

The details on the borrowings are summarized below (in €):

Year	Nominal Amount	Currency	Secured (s) Non secured (ns)	Interest rate	First installments	Number of installments	Periodicity of installments
2006	307.968	€	Financial lease (s)	Euribor 1m + 3%	01/07/2006	24	monthly
2006	130.000	€	ns	4.77%	18/12/2006	36	monthly

The carrying amounts of borrowings approximate their fair value.

	As at December 31,		
	2006	2005	2004
		(€'000)	
Finance lease obligations			
Future lease payments			
Within one year	137	0	0
In the second to the fifth year	68	0	0
After five years	0	0	0
Total	**205**	**0**	**0**
Less future finance charges	9	0	0
Present value of lease obligations	196	0	0

3.13 Trade payables and other current liabilities

	As at December 31,		
	2006	2005	2004
		(€'000)	
Trade payables			
Trade payables	1,607	712	459
Accruals for invoices to be received	695	334	104
Total	**2,302**	**1,046**	**563**

	As at December 31,		
	2006	2005	2004
		(€'000)	
Other current liabilities			
Taxes other than income taxes payable	7	3	94
Social security	205	101	71
Payroll accruals	834	379	248
Other liabilities	51	9	16
Total	**1,097**	**492**	**429**

	As at December 31,		
	2006	2005	2004
		(€'000)	
Deferred income			
Deferred income	6,890	838	223
Total	**6,890**	**838**	**223**

Deferred income mainly relates to cash received from research collaboration agreements prior to completion of the earnings process.

3.14 Deferred income tax

	As at December 31,		
	2006	2005	2004
		(€'000)	
Tax loss carried forward	(32,865)	(19,283)	(10,134)
Other temporary differences			
Amortization of intangibles	847	674	501
Accrued income	0	105	423
Total temporary differences	**(32,018)**	**(18,504)**	**(9,210)**
Unrecognized deferred tax asset (33.99%)	**(10,883)**	**(6,289)**	**(3,130)**

The Company has unused tax losses carry forward. This results, combined with the other temporary differences, in a net deferred tax asset position.

Due to the uncertainty surrounding the Company's ability to realize taxable profits in the near future the Company did not recognize any deferred tax assets.

3.15 Retirement benefit obligations

The Company has set up a pension plan covering all employees (except for the members of the executive committee). The plan is a cafeteria plan in which the employees can opt to receive on top of their pension benefits an additional death and disability coverage (waiver of premium and disability annuity). The premiums needed to finance this additional coverage are at all times limited to the total premium budget (4% and 2% of the annual salary for the employer and employee contributions respectively). This plan is to be considered as a defined contribution plan. The Company has recognized an expense of respectively €136,576, €92,070 and €66,407 in the years 2006, 2005 and 2004.

3.16 Research and development expenses

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Personnel expenses	3,614	2,219	1,565
Share-based payments	69	50	15
Laboratory expenses	1,611	671	586
IP & licensing expenses	982	1,194	651
Outsourcing	5,160	2,601	895
Other operating expenses	1,282	763	733
Subtotal	**12,718**	**7,498**	**4,445**
Depreciation and amortization	786	543	489
Total research and development expenses	**13,504**	**8,041**	**4,934**

3.17 General and administrative expenses

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Personnel expenses	1,325	989	628
Share-based payments	470	141	18
Executive Committee compensation*	941	420	294
Other operating expenses	1,371	1,140	671
Subtotal	**4,107**	**2,690**	**1,611**
Depreciation and amortization	53	70	73
Total general and administrative expenses	**4,160**	**2,760**	**1,684**

* The Executive Committee consists of key management members and the entities controlled by them.

3.18 Other income and expenses

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Cross charging of expenses*	13	20	12
Other operating income	36	1	0
Other operating expenses	(1)	(1)	(1)
Total	**48**	**20**	**11**

* Primarily relates to revenue received from other research organizations for the use of the Company's equipment or the short-term rental of equipment and laboratory space.

3.19 Employee benefit expense

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Salaries, wages and bonuses	3,529	2,240	1,515
Social security	838	585	412
Group and hospitalization insurance cost	151	94	71
Share-based payments	539	191	33
Other employment costs	421	289	195
Executive Committee compensation*	941	420	294
Total	**6,419**	**3,819**	**2,520**

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Headcount			
Executive Committee	4	2	1
R&D personnel	68	39	28
General and administrative staff	13	12	9

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Average FTE	63,3	43,3	31,0

* The Executive Committee consists of key management members and the entities controlled by them.

3.20 Operating leases

	As at December 31,		
	2006	2005	2004
		(€'000)	
Operating lease obligations			
Current lease payments	140	30	2
Future lease payments			
Within one year	174	77	8
In the second to the fifth year	341	172	18
After five years	0	0	0

3.21 Finance income and expenses

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Finance income			
Interest income	421	364	110
Other finance income	4	1	2
Total	**425**	**365**	**112**

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Finance expenses			
Interest charges long term loan	0	0	0
Interest charges in other borrowings	1	0	0
Other finance expenses	10	6	5
Total	**11**	**6**	**5**

3.22 Income tax expense

A reconciliation between the expected income tax and the effective income tax reads:

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Income taxes			
Current income taxes	0	2	0
Total	**0**	**2**	**0**

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Loss of the year	(13,233)	(9,580)	(5,410)
Stock issuance costs	(140)	0	(298)
Share-based payments	539	191	33
Other permanent differences	(681)	87	48
Expected income tax credit	**(4,594)**	**(3,162)**	**(1,912)**
Impact unrecognized deferred tax asset	4,594	3,160	1,912
Effective income taxes	**0**	**(2)**	**0**

Note: the income tax expense in 2005 is related to the Portuguese branch.

3.23 Earnings per share

Earnings per share are calculated by dividing the net result attributable to shareholders by the weighted average number of shares outstanding during the year.

As the Company is suffering operating losses, warrants have an anti-dilutive effect. As such, there is no difference between basic and diluted earnings per share.

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Loss of the year (€'000s)	(13,233)	(9,580)	(5,410)
Weighted average number of shares outstanding	35,035,494	27,912,206	23,104,514
Basic and diluted loss per share (in €)	**(0.38)**	**(0.34)**	**(0.23)**
Basic and diluted loss per share after reverse split (in €)[1]	**(0.76)**	**(0.69)**	**(0.47)**

(1) Subject to approval by the General Assembly and subject to IPO.

3.24 Contingencies

At present, the Company is not facing any material litigation.

3.25 Commitments

3.25.1 Collaborative research agreements and clinical research agreements

(a) Boehringer Ingelheim Agreement

BI and Ablynx agreed to collaborate to identify Nanobodies to a specific biological target believed to be relevant in Alzheimer's disease and BI received an exclusive worldwide license to develop and commercialize such Nanobodies. In return, Ablynx received an upfront payment and will receive milestone payments, FTE payments and royalties as Nanobody drug candidates proceed through development and potentially reach the market. Ablynx will also participate in the relevant Steering Committees.

(b) Wyeth Agreement

Wyeth received an exclusive worldwide license to develop and commercialize all Nanobodies to TNFα for all indications. Wyeth is responsible for all costs associated with the development of these Nanobodies and Ablynx will participate in the relevant Steering Committees and will/has received FTE payments, upfront payments, milestones and royalties.

(c) Novartis Agreement

The agreement with Novartis was signed in December 2005. Under this agreement, Ablynx will seek to discover Nanobodies against a number of targets nominated by Novartis in a collaborative research program. The deal includes R&D payments, FTE payments, license fees, milestones and royalties.

(d) P&GP Agreements

Ablynx has signed two agreements with P&GP. In July 2004, the companies signed an agreement to discover and develop Nanobody drug candidates again targets specified by P&GP. Under the terms of the partnership, P&GP provides Ablynx with research and development funding, pre-determined milestones, and royalties upon commercialization.

A further agreement was signed in March 2006 to discover and develop Nanobody drug candidates against an undisclosed target for possible new treatments in musculoskeletal indications. Under the terms of this agreement, P&GP provides Ablynx with research and development, funding, pre-determined milestones, and royalties upon commercialization.

In December 2006 Ablynx announced that it had achieved a first milestone under the collaborations. The technical milestone consisted of the delivery of a highly diverse and potent panel of Nanobodies against a particular target, triggering a payment. The achievement of a similar milestone was announced in June 2007 against a second target.

(e) Other collaborative research agreements

The Company has entered into numerous agreements with universities, medical centers and external researchers for research and development work and for the validation of the Company's technology and products. These agreements typically have durations of one to three years. The Company must pay fixed and variable fees to the collaborators and in exchange receives access and rights to the results of the work.

3.25.2 Principal government grants

Ablynx has been awarded six grants from the governmental institute "IWT" and the European Commission.

Total approved grants since incorporation until December 31, 2006	€4,337,876
Total cash received since incorporation until December 31, 2006	€3,245,620
Total amount recognized as revenue between 2004-2006	€1,793,799

If Ablynx respects the conditions of the already approved grants, the Company stands to receive a further €705,000 in grant payments.

The Company receives a fixed percentage of the expenses incurred in the following R&D projects.

(1) Evaluation of a new class of therapeutics based on camelid single-domain antibody fragments

Grantor:	IWT
Start date:	September 1, 2002
End date:	August 31, 2004
Amount approved:	€2,093,988
Amount received:	€2,088,849

(2) Efficient selection of single-domain camelid antibodies amenable to the design of second generation peptide drugs

Grantor:	IWT
Start date:	September 1, 2002
End date:	August 31, 2004
Amount approved:	€272,356
Amount received:	€272,356

(3) Generation and pre-clinical validation of single domain antibodies (nanobodies) for the treatment and diagnosis of Alzheimer's disease

Grantor:	IWT
Start date:	October 1, 2003
End date:	October 1, 2006
Amount approved:	€308,365
Amount received:	€308,365

(4) Generation and development of camelid antibodies (nanobodies) directed to the core antigen (p24) of HIV and the use of these antibodies to establish a new broad spectrum and sensitive antigen detection assay

Grantor:	IWT
Start date:	January 1, 2004
End date:	December 31, 2004
Amount approved:	€37,800
Amount received:	€37,800

(5) Development of a new Nanobody discovery method based on selection of B lymphocytes from immunized llamas

Grantor:	IWT
Start date:	September 1, 2005
End date:	December 31, 2007
Amount approved:	€1,175,367
Amount received:	€470,000

(6) European Microbicides Project

Grantor:	European Commission
Start date:	January 1, 2004
End date:	February 1, 2006
Amount approved:	€450,000
Amount received:	€191,250 (net amount received by Ablynx €68,250)*

* This project has been transferred to University of Utrecht in 2006. €123,000 of the €191,250 was transferred to Utrecht.

3.25.3 Principal lease and borrowings contracts

In 2006, Ablynx bought an 8200 Cellular Detection System from Applied Biosystem. This equipment has been financed trough a lease contract with De Lage Landen over a period of 2 years. Moreover, in order to finance a Freedom EVO200 machine from Tecan, Ablynx has entered into a loan agreement with Fortis for an amount of €130,000 over a period of three years.

3.26 Related-party transactions

3.26.1 Remuneration of key management

Key management consist of the members of the executive committee and the entities controlled by any of them:

	As at December 31,		
	2006	2005	2004
		(€'000)	
Number of management members	**4**	**2**	**1**

	Year ended December 31,		
	2006	2005	2004
Short term employee benefits (salaries, social security bonuses, lunch vouchers)	198	0	0
Post employee benefits (group insurance)	19	0	0
Share-based compensation	413	49	0
Other employment costs	148	15	0
Management fees	857	405	294
Total benefits	**1,635**	**469**	**294**

	As at December 31,		
	2006	2005	2004
		(€'000)	
Number of warrants granted (in units)	1,600,000	375,000	150,000
Cumulative outstanding warrants (in units)	2,125,000[1]	1,069,311	694,311
Exercised warrants (in units)	0	0	0
Outstanding payables	49	50	26
Shares owned (in units)	100,000	181,437	181,437

(1) The 2,125,000 warrants exclude 544,311 warrants granted to a former key management member.

3.26.2 Transactions with non-executive directors

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Share-based compensation	7	16	0
Other employment costs	9	5	8
Management fees*	20	24	87
Total benefits	**36**	**45**	**95**

	As at December 31,		
	2006	2005	2004
		(€'000)	
Number of warrants offered (in units)	0	0	60,000
Cumulative outstanding warrants (in units)	60,000	60,000	60,000
Outstanding payables	12	7	1

* Primarily relates to consulting fees and reimbursement of traveling costs.

3.26.3 Transactions with shareholders

	Year ended December 31,		
	2006	2005	2004
		(€'000)	
Rent	380	223	181
Patent costs	215	166	170
Scientific collaboration	62	94	255
Other	68	101	120
Total	725	584	726

	As at December 31,		
	2006	2005	2004
		(€'000)	
Outstanding payables	240	40	65

3.27 Events after the balance sheet date

April 2, 2007—Some of the beneficiaries under the warrant plan of July 2, 2003 exercised their warrants and 150,000 shares were issued.

May 2, 2007—The board decided to call down the remaining €20 million, related to the capital increase of 2006. The €20 million was received before the end of June 2007.

June 14, 2007—Upon proposal of the Board of Directors, the Extraordinary Shareholders Meeting of the Company approved the issuance of 530,000 warrants of which 435,000 were granted and at June 30, 2007 95,000 were already accepted.

June 18, 2007—The Company announced that its collaboration agreement with Procter & Gamble Pharmaceuticals Inc. (P&GP), a division of The Procter & Gamble Company, has reached a second milestone. The Company has discovered novel Nanobodies against a second target for possible new treatments in the musculoskeletal area. The first milestone under this collaboration was achieved in December 2006 and was also a target for musculoskeletal diseases.

July 2, 2007—The Company announced positive interim results from the ongoing Phase I study of its lead development programme, ALX-0081, an anti-thrombotic treatment. ALX-0081 is a novel "first-in-class" therapeutic Nanobody® targeting von Willebrand Factor (vWF), which can reduce the risk of thrombosis in patients with acute coronary syndrome. The Phase I study was designed to assess safety, tolerability and pharmacokinetics as well as analysing pharmacodynamic effects. The study was initiated in the first quarter of 2007 and the interim analysis indicates that ALX-0081 was well tolerated and showed no serious adverse effects or dose limiting toxicity. In addition, the desired pharmacodynamic effect was observed.

June 12, 2007—Received €1.9 million grant from the Flemish government to develop new therapeutic applications of Nanobodies

August 29, 2007—The Board approved the terms of a major global strategic alliance with BI to discover, develop and commercialize up to 10 different Nanobody therapeutics. Ablynx expects to receive payments of €75 million during the research term of the collaboration which includes a €15 million equity investment by BI. In addition, the Company will receive development milestone payments for each Nanobody which is developed, of up to €125 million as well as undisclosed royalties.

3.28 Transition to IFRS

	2006		2005		2004		January 1, 2004
	Shareholder's Equity	Net loss	Shareholder's Equity	Net loss	Shareholder's Equity	Net loss	Shareholder's Equity
				(€'000)			
BE GAAP	**19,204**	**(12,902)**	**12,106**	**(9,244)**	**8,850**	**(5,765)**	**2,115**
Amortization on patents (a)	847	173	674	173	501	173	328
Stock issuance costs (b)		140				298	
Share-based payments (c)		(539)		(191)		(33)	
Research revenue (d)	0	132	(132)	(132)			
Government grant revenue (e)	0	(237)	237	(186)	423	(83)	506
IFRS	**20,051**	**(13,233)**	**12,885**	**(9,580)**	**9,774**	**(5,410)**	**2,949**

(a) Amortization on patents (intangible assets)

Intangible assets under Belgian GAAP are being amortized over a maximum five year term. Under IFRS, patents, license agreements and acquired technology are amortized over the shorter of the useful life and the minimum term of the license agreement or the life of the patent. This has extended the amortization period for certain patents as compared to Belgian GAAP.

(b) Stock issuance costs

Stock issuance costs under Belgian GAAP have been directly charged to the income statement. In accordance with IAS 32, IFRS requires that all costs directly attributable to capital increases such as lawyer's, auditor's and other expert fees are directly deducted from share capital.

(c) Share-based payments

In accordance with Belgian GAAP personnel expenses with respect to warrant plans are not recognized. Under IFRS, the Company recognizes the personnel expenses with respect to the warrants granted to consultants, directors and employees for the warrant plans granted after November 7, 2002 and that have not vested before January 1 2005.

The fair value of the warrants at grant date has been calculated using the Black & Scholes model. The total expense of the warrant is ratably spread over the vesting period.

(d) Research revenue

The Company generates revenue from Research projects. Under IFRS, the research fees are recognized on a straight-line basis over the contractual performance period whenever the Company has continuing performance obligations towards the research fees. Under Belgian GAAP the Company recognized a research fee upfront.

(e) Government grant revenue

Under Belgian GAAP, the Company recognized revenue from grants when cash was received and conditions were fulfilled. As from 2006, the Company aligned its Belgian accounting policy to IFRS. Under

IFRS, the grants related to research projects received from governmental agencies (such like the IWT) or the European Community for specific research projects, are recognized when the relating research and development costs are incurred and when there is reasonable assurance the Company will comply with the conditions attached to the grants, but not prior to the formal grant approval.

4 INDEPENDENT AUDITOR'S REPORTS ON THE CONDENSED FINANCIAL STATEMENTS AS PER 30 JUNE 2007 AND 2006 UNDER IFRS

To the Board of Directors and

Shareholders of Ablynx NV

Independent Auditor's Review Report

We have reviewed the condensed balance sheet of Ablynx NV (the "Company") as of June 30, 2007 and the related condensed statements of income, changes in shareholders' equity and cash flows for the six month period then ended, set forth on pages F-32 to F-41 the Board of Directors is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union applicable to "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements, set forth on pages F-32 to F-41 is not prepared in all material respects in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

Brussels, Belgium
August 29, 2007

PricewaterhouseCoopers Bedrijfsrevisoren
represented by

Raf Vander Stichele

5 CONDENSED FINANCIAL STATEMENTS AS PER 30 JUNE 2007 AND 2006 UNDER IFRS

5.1 Condensed balance sheet

	Notes	As at June 30, 2007	As at December 31, 2006
		(€'000)	
Non-current assets		2,796	2,525
Intangible assets		820	899
Property, plant & equipment		1,976	1,626
Current assets		41,087	28,147
Trade receivables		1,169	1,369
Other current assets		735	596
Accrued income and deferred charges		584	383
Cash and cash equivalents		38,599	25,799
Total assets		43,883	30,672
Equity		34,412	20,051
Share capital	6.3	44,554	24,416
Share premium account	6.3	26,535	26,530
Share-based payments	6.4	1,157	780
Retained earnings		(37,834)	(31,676)
Non-current liabilities		71	154
Borrowings		71	154
Current liabilities		9,400	10,467
Borrowings		188	178
Trade payables		2,638	2,302
Other current liabilities		1,552	1,097
Deferred income		5,022	6,890
Total liabilities		9,471	10,621
Total equity and liabilities		43,883	30,672

The notes on pages F-36 to F-41 are an integral part of these condensed interim financial statements.

5.2 Condensed income statement

	Notes	Period ended June 30, 2007	2006
		(€'000)	
Revenue			
A. Research and development		*4,181*	*900*
B. Grants		*349*	*228*
Total revenue		4.530	1,128
Research & development expense	6.5	(8,491)	(5,943)
General & administrative expense	6.6	(2,611)	(1,663)
Total operating expenses		(11,102)	(7,606)
Other operating income/(expense)		4	13
Operating result		(6,568)	(6,465)
Finance income (net)		409	67
Loss before taxes		(6,159)	(6,398)
Income tax expense		0	0
Loss of the year		(6,159)	(6,398)
Basic and diluted loss per share (in €)		(0,13)	(0,23)
Basic and diluted loss per share after reverse split (in €)[1]		(0,26)	(0,46)

(1) Subject to approval by the General Assembly and subject to IPO.

The notes on page F-36 to F-41 are an integral part of these condensed interim financial statements.

5.3 Condensed statement of changes in shareholders' equity

	Share capital—Preferred stock	Share capital—Common stock	Share premium	Share-based payments	Retained loss	Total equity
			(€'000)			
Balance at December 31, 2005	**17,660**	**1**	**13,425**	**241**	**(18,442)**	**12,885**
Capital increase						
Of which unpaid						
Issuance costs						
Share-based payments				124		
Loss of the period					(6,398)	
Balance at June 30, 2006	**17,660**	**1**	**13,425**	**365**	**(24,840)**	**6,611**
Capital increase	26,895		13,105			
Of which unpaid	(20,000)					
Issuance costs	(140)					
Share-based payments				415		
Loss of the period					(6,835)	
Balance at December 31, 2006	**24,415**	**1**	**26,530**	**780**	**(31,675)**	**20,051**
Unpaid capital paid up	20,000	4				
Exercise of warrants		134		(29)		
Issuance costs						
Share premium			5			
Share-based payments				406		
Loss of the period					(6,159)	
Balance at June 30, 2007	**44,415**	**139**	**26,535**	**1,157**	**(37,834)**	**34,412**

The notes on pages F-36 to F-41 are an integral part of these condensed interim financial statements.

5.4 Condensed cash flow statement

	Period ended June 30,	
	2007	2006
	(€'000)	
Cash flows from operating activities		
Loss before income tax	(6,159)	(6,398)
Adjustments for:		
Amortization	79	127
Depreciation	375	260
(Profit)/loss on disposal of property, plant and equipment	0	0
Share-based payment expense	406	124
Finance income—net	(412)	(71)
Net movement in trade and other receivables	(140)	177
Net movement in trade and other payables	(1,077)	829
Cash used in operations	**(6,928)**	**(4,952)**
Interest paid	(3)	0
Interest received	415	71
Income tax paid	0	0
Net cash used in operating activities	**(6,516)**	**(4,881)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(726)	(221)
Proceeds from sale of PPE	0	0
Purchases of intangible assets	0	(13)
Net cash used in investing activities	**(726)**	**(234)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	20,009	0
Proceeds from exercise of warrants	105	0
Proceeds from borrowings	10	0
Repayments of borrowings	(82)	0
Net cash generated from financing activities	**20,042**	**0**
Net (decrease)/increase in cash and cash equivalents	**12,800**	**(5,115)**
Cash and cash equivalents at beginning of the period	25,799	11,745
Cash and cash equivalents at end of the period	**38,599**	**6,630**

The notes on pages F-36 to F-41 are an integral part of these condensed interim financial statements.

6 NOTES TO THE CONDENSED FINANCIAL STATEMENTS

6.1 Summary of significant accounting policies

The condensed interim financial statements for the six months ended June 30, 2007 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, 2006. The financial statements are presented in thousands of Euro (unless stated otherwise).

The condensed interim financial statements have been approved for issue by the Board of Directors on August 29, 2007.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those applied in the preparation of the financial statement for the year ended December 31, 2006. New standards or interpretations applicable from January 1, 2007 do not have any impact on the condensed interim financial statements.

The Company at present is a stand-alone entity. The research activities take place in the main research facility in Ghent and the branch in Portugal, which is integrated in the interim financial statements.

6.2 Segment information

The Company does not distinguish different segments, neither business nor geographical segments.

6.3 Share capital

The number of issued and outstanding shares is expressed in units.

Share capital

	As at June 30, 2007	As at December 31, 2006
Class A Preferred Shares		
number of issued and outstanding shares	3,000,000	3,000,000
share capital (€'000s)	93	93
share premium (€'000s)	1,938	1,938
Class B Preferred Shares		
number of issued and outstanding shares	2,500,000	2,500,000
share capital (€'000s)	77	77
share premium (€'000s)	1,454	1,454
Class C Ordinary Shares		
number of issued and outstanding shares	331,437	181,437
share capital (€'000s)	140	6
of which unpaid (€'000s)	0	(4)
share premium (€'000s)	5	0
Class D Preferred Shares		
number of issued and outstanding shares	3,000,000	3,000,000
share capital (€'000s)	93	93
share premium (€'000s)	2,907	2,907
Class E Preferred Shares		
number of issued and outstanding shares	19,230,769	19,230,769
share capital (€'000s)	17,874	17,874
of which unpaid (€'000s)	0	0
share premium (€'000s)	7,126	7,126
Class F Preferred Shares		
number of issued and outstanding shares	20,000,000	20,000,000
share capital (€'000s)	26,895	26,895
of which unpaid (€'000s)	0	(20,000)
share premium (€'000s)	13,105	13,105
Transaction costs (cumulative) (€'000s)	(618)	(618)
Total number of issued and outstanding shares	**48,062,206**	**47,912,206**
Total share capital (€'000s)	**44,554**	**24,416**
Total share premium (€'000s)	**26,535**	**26,530**

Category	Transaction date	# of shares	Par value
Class A Preferred Shares	July 4, 2001	1,000,000	0.031
Class B Preferred Shares	July 4, 2001	1,000,000	0.031
Class C Ordinary Shares	October 9, 2001	181,437	0.031
Class A Preferred Shares	November 14, 2001	2,000,000	0.031
Class B Preferred Shares	November 14, 2001	1,500,000	0.031
Class D Preferred Shares	August 1, 2002	3,000,000	0.031
Class E Preferred Shares	March 31, 2004	19,230,769	0.929
Class F Preferred Shares	August 23, 2006	20,000,000	1.345
Class C Ordinary Shares	April 2, 2007	150,000	0.70
Total issued and outstanding shares		**48,062,206**	

€20 million, the unpaid portion of the capital increase of August 23, 2006 which was fully subscribed by the shareholders, was fully paid up in June 2007.

6.4 Share-based payments

(a) Warrants issued in June 2007 for employees and consultants

During the Extraordinary Shareholders Meeting of June 14, 2007, the above mentioned warrant plan was approved. The Board of Directors was allowed to issue a total number of 530,000 warrants to certain employees and external consultants. As at June 30, 2007, 95,000 warrants had been accepted.

Each warrant gives the beneficiaries the right to subscribe to one share of type C of the Company (equity-settled). The warrants are granted for free and have an exercise price equal to the fair market price of the underlying Type C shares at the date of the grant (€1.40 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 January 1, 2011 until December 2014). 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 seven years as of the issue date of the warrants. Any warrants that have not been exercised within 7 years of their creation become null and void.

	Warrants 2002	Warrants 2003	Warrants 2004	Warrants 2005	Warrants 2006	Warrants 2006	Warrants 2007
Number of warrants granted	696,311	426,000	477,000	509,500	1,750,000	135,000	95,000
Number of options not vested at 30/06/2007	0	0	173,250	318,438	1,750,000	135,000	95,000
Exercise price (€)	0.50	0.70	0.90	0.90	1.00	1.40	1.40
Expected dividend yield	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected stock price volatility	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%
Expected duration	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Fair value (€)	0.32	0.44	0.56	0.56	0.63	0.88	0.90

Exercise price equals fair market price of underlying share at date of grant.

	Warrants 2002	Warrants 2003	Warrants 2004	Warrants 2005	Warrants 2006	Warrants 2006	Warrants 2007	Total number	Average Exercise price (in Euro)
Outstanding at December 31, 2006	696,311	396,000	462,000	509,500	1,750,000	135,000	0	3,948,811	0.87
Granted	0	0	0	0	0	0	95,000	95,000	1.40
Forfeited	0	0	0	10,313	0	0	0	10,313	—
Exercised	0	150,000	0	0	0	0	0	150,000	0.70
Expired	0	0	0	0	0	0	0	0	—
At June 30, 2007									
Outstanding	696,311	246,000	462,000	499,187	1,750,000	135,000	95,000	3,883,498	0.89
Non-vested	0	0	173,250	318,438	1,750,000	135,000	95,000	2,471,688	
Exercisable	696,311	246,000	0	0	0	0	0	942,311	0.55

6.5 Research and development expenses

	Period ended June 30,	
	2007	2006
	(€'000)	
Personnel expenses	2,540	1,641
Share-based payments	62	42
Laboratory expenses	1,200	637
IP and licensing expenses	423	510
Outsourcing	2,830	2,052
Other operating expenses	997	685
Subtotal	**8,052**	**5,567**
Depreciation and amortization	439	376
Total research and development expenses	**8,491**	**5,943**

6.6 General and administrative expenses

	Period ended June 30,	
	2007	2006
	(€'000)	
Personnel expenses	1,052	624
Share-based payments	344	82
Executive Committee compensation*	296	455
Other operating expenses	904	492
Subtotal	**2,596**	**1,653**
Depreciation and amortization	15	10
Total general and administrative expenses	**2,611**	**1,663**

* The Executive Committee consists of key management members and the entities controlled by them.

6.7 Related-party transactions

6.7.1 Remuneration of key management

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

	As at June 30,	
	2007	2006
	(€'000)	
Number of management members	4	2

	Period ended June 30,	
	2007	2006
	(€'000)	
Short term employee benefits (salaries, social security bonuses, lunch vouchers)	387	0
Post employee benefits (group insurance)	32	0
Share-based compensation	315	68
Other employment costs	17	15
Management fees	280	440
	1,031	**523**

	As at June 30,	
	2007	2006
	(€'000)	
Number of warrants granted (in units)	0	0
Cumulative outstanding warrants (in units)	2,125,000	525,000
Exercised warrants (in units)	0	0
Outstanding payables	49	50
Shares owned (in units)	100,000	0

6.7.2 Transactions with non-executive directors

	Period ended June 30,	
	2007	2006
	(€'000)	
Share-based compensation	2	4
Other employment costs	3	6
Management fees	0	4
Total benefits	**5**	**14**

	As at June 30,	
	2007	2006
	(€'000)	
Number of warrants offered (in units)	0	0
Cumulative outstanding warrants (in units)	60,000	60,000

6.7.3 Transactions with shareholders

	Period ended June 30,	
	2007	2006
	(€'000)	
Rent	328	122
Patent costs	94	112
Other	61	25
Total	**483**	**259**

	As at June 30,	
	2007	2006
	(€'000)	
Outstanding payables	140	89

6.8 Events after the balance sheet

July 2, 2007—The Company announced positive interim results from the ongoing Phase I study of its lead development programme, ALX-0081, an anti-thrombotic treatment. ALX-0081 is a novel "first-in-class" therapeutic Nanobody® targeting von Willebrand Factor (vWF), which can reduce the risk of thrombosis in patients with acute coronary syndrome. The Phase I study was designed to assess safety, tolerability and pharmacokinetics as well as analysing pharmacodynamic effects. The study was initiated in the first quarter of 2007 and the interim analysis indicates that ALX-0081 was well tolerated and showed no serious adverse effects or dose limiting toxicity. In addition, the desired pharmacodynamic effect was observed.

June 12, 2007—Received €1.9 million grant from the Flemish government to develop new therapeutic applications of Nanobodies

August 29, 2007—The Board approved the terms of a major global strategic alliance with BI to discover, develop and commercialize up to 10 different Nanobody therapeutics. Ablynx expects to receive payments of €75 million during the research term of the collaboration which includes a €15 million equity investment

by BI. In addition, the Company will receive development milestone payments for each Nanobody which is developed, of up to €125 million as well as undisclosed royalties.

6.9 Transition to IFRS

	June 30, 2007		June 30, 2006	
	Shareholder's Equity	Net loss	Shareholder's Equity	Net loss
		(€'000)		
BE GAAP	**33,595**	**(5,723)**	**5,843**	**(6,263)**
Amortization on patents (a)	783	(64)	761	87
Stock issuance costs (b)	34	34		
Share-based payments (c)		(406)		(124)
Research revenue (d)			(19)	113
Government grant revenue (e)			26	(211)
IFRS	**34,412**	**(6,159)**	**6,611**	**(6,398)**

(a) Amortization on Patents (Intangible Assets)

Intangible assets under Belgian GAAP are being amortized over a maximum five year term. Under IFRS, patents, license agreements and acquired technology are amortized over the shorter of the useful life and the minimum term of the license agreement or the life of the patent. This has extended the amortization period for certain patents as compared to Belgian GAAP.

(b) Stock issuance costs

Stock issuance costs in view of the upcoming IPO under Belgian GAAP have been directly charged to the income statement. In accordance with IAS 32, IFRS requires that all costs directly attributable to capital increases are directly deducted from share capital. However, as this IPO has not yet taken place, the stock issuance costs remain as a deferred charge on the balance sheet.

(c) Share-based payments

In accordance with Belgian GAAP personnel expenses with respect to warrant plans are not recognized. Under IFRS, the Company recognizes the personnel expenses with respect to the warrants granted to consultants and employees for the warrant plans granted after November 7, 2002 and that have not vested before January 1, 2005.

The fair value of the warrants at grant date has been calculated using the Black & Scholes model. The total expense of the warrant is ratably spread over the vesting period.

(d) Research revenue

The Company generates revenue from Research projects. Under IFRS, the research fees are recognized on a straight-line basis over the contractual performance period whenever the Company has continuing performance obligations towards the research fees. Under Belgian GAAP the Company recognized a research fee upfront in 2005.

(e) Government grant revenue

Under Belgium GAAP, the Company recognized revenue from grants when cash was received and conditions were fulfilled. Under IFRS, the grants related to research projects received from governmental agencies (such like IWT) or the European Community for specific research projects, are recognized when the relating research and development costs are incurred and when there is reasonable assurance the Company will comply with the conditions attached to the grants, but not prior to the formal grant approval. As from 2006, the Company aligned its Belgian accounting policy to IFRS.

7 REPORT OF THE STATUTORY AUDITOR ON THE STATUTORY FINANCIAL STATEMENTS AS PER 31 DECEMBER, 2006, 2005 AND 2004 AND FOR THE YEARS THEN ENDED ACCORDING TO BELGIAN GAAP

Statutory auditor's report to the general shareholders' meeting on the annual accounts of the company Ablynx NV as of and for the year ended 31 December, 2006

As required by law and the Company's articles of association, we report to you in the context of our appointment as the Company's statutory auditor. This report includes our opinion on the annual accounts and the required additional disclosures and information.

Unqualified audit opinion on the annual accounts

We have audited the annual accounts of Ablynx NV as of and for the year ended 31 December, 2006, prepared in accordance with the financial reporting framework applicable in Belgium, and which show a balance sheet total of €29,825 thousand and a loss for the year of €12,901 thousand.

The Company's board of directors is responsible for the preparation of the annual accounts. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The selection of theses procedures is a matter for our judgment, as is the assessment of the risk that the annual accounts contain material misstatements, whether due to fraud or error. In making this risk assessment, we have considered the Company's internal control relating to the preparation and fair presentation of the annual accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the company's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the annual accounts taken as a whole. Finally, we have obtained from the board of directors and Company officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion the annual accounts give a true and fair view of the company's net worth and financial position as of 31 December, 2006 and of its results for the year ended in accordance with the financial reporting framework applicable in Belgium.

Additional remarks and information

The Company's board of directors is responsible for the preparation and content of the management report, and for ensuring that the Company complies with the Companies' Code and the Company's articles of association.

Our responsibility is to include in our report the following additional remarks and information, which do not have any effect on our opinion on the annual accounts:

- The management report deals with the information required by the law and is consistent with the annual accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, the state of affairs, its foreseeable development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the annual accounts have been prepared in accordance with the legal and regulatory requirements applicable in Belgium.

- There have been no transactions undertaken or decisions taken in breach of the Company's statutes or the Companies Code such as we would be obliged to report to you. The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the Company's articles of association.
- In accordance with article 523 of the Belgian Companies' Code, the directors have informed you, in their management report on the annual accounts, of the following decisions taken during the year in respect of one of the directors, Mr. Edwin Moses, being: (1) the temporarily increase in his remuneration for the months of March, April and May of 2006; (2) the approval of the Management Service Agreement; and (3) the approval of the "terms and conditions" relating to the appointment of Mr. Edwin Moses as member of the Executive Committee. The board's management report explains appropriately the financial consequences of these decisions for the Company.

5 April 2007

PricewaterhouseCoopers Bedrijfsrevisoren
Statutory auditor
Represented by Raf Vander Stichele

Statutory auditor's report to the general shareholders' meeting on the annual accounts of Ablynx NV AS of and for the year ended 31 December, 2005

In accordance with the legal and regulatory requirements, we report to you on the performance of the audit mandate that was entrusted to us.

We have audited the company's annual accounts as of and for the year ended 31 December, 2005, prepared in accordance with the legal and regulatory requirements applicable in Belgium, showing a balance sheet total of €14,350 thousand and a loss for the year of €9,244 thousand. We have also carried out the specific additional audit procedures required by law.

It is the reasonability of the company's board of directors to prepare the annual accounts, to determine what information is to be included in their management report and to ensure that the Company complies with the Companies' Code and its statutes.

Unqualified audit opinion on the annual accounts

We conducted our audit in accordance with the legal requirements applicable in Belgium and Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement.

In accordance with those standards, we considered the company's administrative and accounting organization, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We examined, on a test basis, evidence supporting the amounts in the annual accounts. We assessed the accounting principles used and significant estimates made by the Company, as well as the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements applicable in Belgium, the annual accounts give a true and fair view of the company's net worth and financial position as of 31 December, 2005 and of its results of operations for the year then ended.

Additional certifications

We supplement our report with the following certifications which do not have an impact on our audit opinion on the annual accounts:

- The management report deals with the information required by the law and is consistent with the annual accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the company, and of its state of affairs, its forecast development or the significant influence of certain events on its future development. Nevertheless, we can confirm that the information provided is not patently in contradiction with the information we have acquired in our role as statutory auditors.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- In accordance with article 523 of the Companies' Code, the directors have informed you, in their management report, of the ratification of the execution of the "Transition Agreement" between the Company and Mavelki BVBA, and the approval of the increased commitment by Edwin Moses. The board is of the opinion that both transactions are in the interest of the Company without granting a preferential consideration to one of the directors.
- There are no transactions undertaken or decisions taken in violation of the company's statutes or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

5 April 2006

PricewaterhouseCoopers Bedrijfsrevisoren
Statutory auditor
Represented by Raf Vander Stichele

Statutory auditor's report for the year ended 31 December, 2004
to the general shareholders' meeting of Ablynx NV

In accordance with the legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the financial statements as of and for the year ended 31 December, 2004 which have been prepared under the responsibility of the board of directors and which show a balance sheet total of €10,064 thousand and a loss for the year of €5,765 thousand. We have also carried out the specific additional audit procedures required by law.

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the company's administrative and accounting organization, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We examined, on a test basis, evidence supporting the amounts in the financial statements. We assessed the accounting principles used and significant accounting estimates made by the Company, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements in Belgium, the financial statements present fairly the company's net worth and financial position as of 31 December, 2004 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

Additional certifications

We supplement our report with the following certifications which do not have any impact on our audit opinion on the financial statements:

- The directors' report contains the information required by law and is consistent with the financial statements.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the legal and regulatory requirements applicable in Belgium.
- In accordance with article 523 of the Companies' Code, the directors have informed you, in their management report, of their decision to sign an agreement to indemnify the directors, the managing director and the permanent representatives of the directors, over and above the cover provided by the existing directors' liability insurance policy, for any liability they may incur in the performance of their duties. The execution of this indemnification agreement has no direct financial consequences for the Company.
- There are no transactions undertaken or decisions taken in violation of the company's statutes or the Companies' Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

12 April 2005

PricewaterhouseCoopers Bedrijfsrevisoren
Statutory auditor
Represented by Raf Vander Stichele

8 STATUTORY FINANCIAL STATEMENTS AS PER 31 DECEMBER, 2006, 2005 AND 2004 UNDER BELGIUM GAAP

8.1 Balance sheet

	2006	2005	2004
		(€'000)	
Assets			
Fixed assets	**1,679**	**1,296**	**1,505**
Formation expenses	**0**	**0**	**0**
Intangible assets	**53**	**455**	**811**
Tangible assets	**1,626**	**841**	**694**
B. Plant, machinery and equipment	1,141	770	629
C. Furniture and vehicles	67	10	15
D. Leasing and other similar rights	257	0	0
E. Other tangible assets	59	61	50
F. Assets under construction and advance payments	102	0	0
Financial assets	**0**	**0**	**0**
CURRENT ASSETS	**28,146**	**13,054**	**8,559**
Amounts receivable after more than one year	0	0	0
Stocks and contracts in progress	0	0	0
Amounts receivable within one year	**1,964**	**749**	**341**
A. Trade debtors	1,370	436	161
B. Other amounts receivable	594	313	180
Investments	**25,600**	**11,498**	**8,000**
Cash at bank and in hand	**199**	**248**	**187**
Deferred charges and accrued income	**383**	**559**	**31**
TOTAL ASSETS	**29,825**	**14,350**	**10,064**
LIABILITIES			
CAPITAL AND RESERVES	**19,204**	**12,105**	**8,849**
Capital	**25,033**	**18,139**	**5,639**
Issued capital	45,037	18,143	18,143
Uncalled capital	(20,004)	(4)	(12,504)
Share premium account	**26,531**	**13,424**	**13,424**
Revaluation surplus	**0**	**0**	**0**
Reserves	**0**	**0**	**0**
Profit (loss) carried forward	**(32,360)**	**(19,458)**	**(10,214)**
Investment grants	**0**	**0**	**0**
Provisions and deferred taxation	**0**	**0**	**0**
CREDITORS	**10,621**	**2,245**	**1,215**
Amounts payable after more than one year	**153**		
Financial debts	153		
Leasing and other similar obligations	68		
Credit institutions	85		
Amounts payable within one year	**3,578**	**1,538**	**992**
Current portion of amounts payable after more than one year	178		
Trade debts	2,303	1,046	564
Suppliers	2,303	1,046	564
Taxes, remuneration and social security	1,046	483	412
Taxes	7	4	94
Remuneration and social security	1,039	479	318
Other amounts payable	51	9	16
Accrued charges and deferred income	**6,890**	**707**	**223**
TOTAL LIABILITIES	**29,825**	**14,350**	**10,064**

8.2 Income statement

	2006	2005	2004
		(€'000)	
Operating income	**4,203**	**1,252**	**1,185**
Turnover	3,510	680	35
Other income	693	572	1,150
Operating charges	**17,548**	**10,853**	**7,056**
Services and other goods	11,487	6,787	4,003
Remuneration, social security costs and pensions	5,048	3,209	2,192
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,012	786	734
Increase (decrease) in amounts written off stocks, contracts in progress and trade debtors	(69)	70	0
Other operating charges	70	1	127
Operating profit	(13,345)	(9,601)	(5,871)
Operating loss			
Financial income	**425**	**364**	**111**
B. Income from current assets	422	363	111
C. Other financial income	3	1	0
Financial charges	**11**	**6**	**5**
A. Debt charges	1	0	5
C. Other financial charges	10	6	0
Gain (loss) on ordinary activities before taxes	**(12,931)**	**(9,243)**	**(5,765)**
Extraordinary income	**29**	**1**	**0**
Extraordinary charges	**0**	**0**	**0**
Profit (loss) for the period	**(12,902)**	**9,242**	**(5,765)**
Income taxes	**0**	**2**	**0**
Profit (loss) for the period available for appropriation	**(12,902)**	**(9,244)**	**(5,765)**

APPROPRIATION ACCOUNT

	2006	2005	2004
		(€'000)	
Profit (loss) to be appropriated	**(32,360)**	**(19,458)**	**(10,214)**
Profit (loss) to be appropriated for period	(12,902)	(9,244)	(5,765)
Profit (loss) brought forward	(19,458)	(10,214)	(4,449)
Profit (loss) to be carried forward	**(32,360)**	**(19,458)**	**(10,214)**

8.3 Notes

Statement of fixed assets

Statement of fixed assets 2006	A. Intangible assets	B. Tangible assets	C. Financial fixed assets
		(€'000)	
A. Acquisition cost			
At the end of the preceding period	2,072	1,813	
Movements during the period			
Acquisitions, including produced fixed assets	26	1,447	
Sales and disposals		174	
At the end of the period	2,098	3,086	
B. Revaluation surpluses			
At the end of the preceding period			
Movements during the period			
Recorded			
At the end of the period			
C. Depreciation and amounts written down			
At the end of the preceding period	1,618	970	
Movements during the period			
Recorded	427	585	
Written down after sales and disposals		95	
At the end of the period	2,045	1,460	
Net book value at the end of the period	**53**	**1,626**	

Statement of fixed assets 2005	A. Intangible assets	B. Tangible assets	C. Financial fixed assets
		(€'000)	
A. Acquisition cost			
At the end of the preceding period	2,014	1,293	
Movements during the period			
Recorded	58	519	
At the end of the period	2,072	1,812	
C. Depreciation and amounts written down			
At the end of the preceding period	1,203	599	
Movements during the period			
Recorded	415	371	
At the end of the period	1,618	970	
Net book value at the end of the period	**455**	**840**	

Statement of fixed assets 2004	A. Intangible assets	B. Tangible assets	C. Financial fixed assets
		(€'000)	
A. Acquisition cost			
At the end of the preceding period	2,002	578	
Movements during the period			
Acquisitions, including produced fixed assets	12	715	
At the end of the period	2,014	1,293	
C. Depreciation and amounts written down			
At the end of the preceding period	801	266	
Movements during the period			
Recorded	402	333	
At the end of the period	1,203	599	
Net book value at the end of the period	**811**	**694**	

Statement of financial fixed assets	2006	2005	2004
		(€'000)	
2. Amounts receivable			
Net book value at the end of the preceding period	0,23	0,23	0,23
Net book value at the end of the period	0	0,23	0,23

Other investments and deposits

Investments: other investments and deposits	2006	2005	2004
C. Fixed term deposit with credit institutions	25,600	11,498	8,000
Falling due			
Less or up to one month			2,400
Between one month and one year	25,600	11,498	5,600

Deferred charges and accrued income

Deferred charges and accrued income	2006	2005	2004
		(€'000)	
Allocation of heading 490/1 of assets if the amount is significant			
Costs to be carried forward	110	84	31
Obtained income	274	475	

Statement of capital

Statement of capital 2006	Amounts	Number of shares
	(€'000)	
A. Capital		
Issued capital		
—At the end of the preceeding period	18,143	
—At the end of the period	45,037	
Capital increase 23/08/2006	26,895	20,000,000
Structure of the capital		
Different categories of shares		
Shares type A, registered preferential shares	93	3,000,000
Shares type B, registered preferential shares	77	2,500,000
Shares type C, registered ordinary shares	6	181,437
Shares type D, registered preferential shares	93	3,000,000
Shares type E, registered preferential shares	17,874	19,230,769
Shares type F, registered preferential shares	26,895	20,000,000
Registered		47,912,206

	Uncalled capital	Called, but unpaid amount
	(€'000)	
B. Unpaid capital		
Uncalled capital	20,004	
Shares type C, registered ordinary shares	4	
Shares type F, registered preferential shares	20,000	

Statement of capital 2005	Amounts	Number of shares
	(€'000)	
A. Capital		
Issued capital		
At the end of the preceding period	18,143	
At the end of the period	18,143	
2. Structure of the capital		
Different categories of shares		
Shares type A, registered preferential shares	93	3,000,000
Shares type B, registered preferential shares	77	2,500,000
Shares type C, registered ordinary shares	6	181,437
Shares type D, registered preferential shares	93	3,000,000
Shares type E, registered preferential shares	17,874	19,230,769
Registered shares or bearer shares		
Registered		27,912,206

	Uncalled capital	Called, but unpaid amount
	(€'000)	
B. Unpaid capital		
Shareholders having yet to pay up in full	4	0
Shares type C, registered ordinary shares	0	0

	Amount of the capital	Number of shares
	(€'000)	
E. Authorized capital, not issued	2,500	

Statement of capital 2004	Amounts	Number of shares
	(€'000)	
A. Capital		
1. Issued capital		
At the end of the preceding period	269	
Changes during the period		
Capital increase 31/03/2004	17,874	19,230,769
At the end of the period	18,143	
2. Structure of the capital		
Different categories of shares		
Shares type A, registered preferential shares	93	3,000,000
Shares type B, registered preferential shares	77	2,500,000
Shares type C, registered ordinary shares	6	181,437
Shares type D, registered preferential shares	93	3,000,000
Shares type E, registered preferential shares	17,874	19,230,769
Registered		27,912,206

	Uncalled capital	Called, but unpaid amount
	(€'000)	
B. Unpaid capital		
Shareholders having yet to pay up in full		
Shares type C, registered ordinary shares	4	
Shares type E, registered preferential shares	12,500	
Total	12,504	
E. Authorized capital, not issued	2,500	

Statement of amounts payable

A. Analysis by current portion of amounts initially payable after more than one year.

2006	Amounts payable current portion 1. not more than one year	2. between one and five years	3. over five years
		(€'000)	
Total	178	154	

B. Amounts payable for taxes, remuneration and social security

	2006	2005	2004
		(€'000)	
Taxes			
Non expired taxes payable	7	3	94
Remuneration and social security			
Other amounts payable relating to remuneration and social security	1.039	479	318

Accrued charges and deferred income

Accrued charges and deferred income	2006	2005	2004
		(€'000)	
Allocation of the heading 492/3 of liabilities if the amount is considerable	6,890	706	

Operating results

Operating results	2006	2005	2004
Operating income			
Other operating income			
Total amount of subsidies and compensatory amounts obtained from public authorities	693	572	1,150
Operating costs			
Employees recorded in the personnel register			
a. Total number at the closing date	74	49	37
b. Average number of employees calculated in full-time equivalents	58.8	42.4	31.0
c. Number of actual worked hours	102,044	72,478	53,721
Personnel costs			
a. Remuneration and direct social benefits	3,807	2,251	1,516
b. Employers' social security contributions	838	586	412
c. Employers' premiums for extra statutory insurances	118	92	66
d. Other personnel costs	285	280	198
Amounts written of			
Trade debtors			
Recorded		70	
Written back	69		
Other operating charges			
Taxes related to operation			126
Other charges	70	1	
Hired temporary staff and persons placed at the enterprise's disposal			
Total number at the closing date	3	1	1
Average number calculated as full-time equivalents	0.9	0.9	0.5
Number of actual worked hours	1,970	1,684	999
Charges to the enterprise	54	50	23

Income tax

Income tax	2006	2005	2004
Analysis of heading 670/3			
Income taxes on the result of the current period		1	
Income taxes paid and withholding taxes due or paid	59	55	17
Excess of income tax prepayments and withholding taxes recorded under assets	59	55	17
Estimated additional taxes		1	
In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts, and the estimated taxable profit			
An indication of the effect of extraordinary results on the amount of income taxes relating to the current period			
Status of deferred taxes			
Deferred taxes representing assets	32,800	19,206	10,134
Accumulated tax losses deductible from future taxable profits	32,800	19,206	10,134

The total amount of value added tax and taxes borne by third parties

The total amount of value added tax and taxes borne by third parties	2006	2005	2004
The total amount of value added tax charged			
To the enterprise (deductible)	2,270	1,182	875
By the enterprise	1,336	606	286
Amounts retained on behalf of third parties			
Payroll withholding taxes	1,005	655	427

Stock option plan

Stock option plan	2001	2002	2002	2003	2004	2005	2006	2006
Expiry date	2004	2009	2004	2010	2011	2012	2013	2013
Number of warrants from stock option plan	1,000,000	696,311	1,500,000	431,000	480,000	509,500	1,760,000	165,000
Available for issue	0	0	0	431,000	480,000	509,500	1,760,000	165,000
Offer warrants cumulative	1,000,000	696,311	1,500,000	0	0	0	0	0
Destroyed cumulative	1,000,000	0	1,500,000	0	(15,000)	0	0	0
Refused	0	0	0	(5,000)	(3,000)	0	0	(30,000)
Open as per 01/01/2006	**0**	**696,311**	**0**	**426,000**	**462,000**	**509,500**	**1,760,000**	**135,000**
Offer warrants	0	0		0	0	0	0	0
Destroyed	0	0		(30,000)	0	0	0	0
Open as per 31/12/2006	**0**	**696,311**	**0**	**396,000**	**462,000**	**509,500**	**1,760,000**	**135,000**
Offer warrants cumulative	0	696,311	0	396,000	462,000	509,500	1,760,000	135,000
Destroyed cumulative	0	0	0	0	0	0	0	0
Available for issue	0	0	0	0	0	0	0	0
Issue price	0	0.5	0	0.7	0.9	0.9	1.0	1.40
Vested cumulative	0	696,311	0	358,781	238,500	127,375	0	0

8.4 Summary of valuation rules for 2004, 2005 and 2006

Principles

The valuation rules have been prepared in agreements with the requirements of the Royal Decree of 30 January, 2001 on the enforcement of the commercial code.

Special provisions

Company Foundation Costs

Foundation costs are taken directly into the results.

Immaterial Fixed Assets

Concessions, patents, licenses, know-how, trademarks, etc.

Software licenses are capitalized at their acquisition price, and depreciated linearly at a ratio of 33,33% per year.

Other licenses are valued at their acquisition price and depreciated linearly over the probable economic life of the patent to which they refer. The maximum depreciation period for other licenses is 5 years.

Other immaterial fixed assets are valued at their cost price and depreciated linearly at a percentage that corresponds to their probable useful life for the company.

These other immaterial fixed assets include contributed technology. The contribution value of this technology is depreciated linearly over 5 years.

Material Fixed Assets

Material fixed assets are valued at their acquisition price, including all subsequent direct costs required to make such assets operational.

The following depreciation percentages are used:

Asset	Method L D O	Basis NR R	Depreciation Principle Costs Min – Max	Percentages Subsequent Costs Min – Max
Foundation Costs				
Immaterial Fixed Assets	L	NR	20 – 33.3	
Buildings				
Installations, machinery & equipment	L	NR	33.3	
Movable fixed assets				
Office equipment & furniture	L	NR	20	
Other material fixed assets	L	NR	33.3	

L: linear D: degressive O: Other NR: Not revalued R: revalued

Financial Fixed Assets

Guarantee

Guarantees are capitalized at their acquisition price.

Amounts Receivable within One Year

The receivables are capitalized at their nominal value. Each are individually valued. Devaluation of receivables is recorded if the actual value is lower that their nominal value.

Cash

Cash is capitalized at its nominal value.

Subsidies

Subsidies are recognized in the balance sheet when all the conditions of the subsidy are fulfilled. Subsidies are recognized in the results on a pro-rata basis in the same period as the actual costs related to the subsidy are incurred.

Amounts Payable within One Year

Amounts payable are capitalized at their nominal value.

Foreign Currencies

Transactions in foreign currencies during the year are booked at the current exchange rate. All outstanding payables and receivables at year-end are recorded at the exchange rate on the balance sheet date. Exchange rate gains and losses are recognized in the results under the heading "Other Financial Charges and Income".

Turnover

Turnover from research contracts is recognized over the duration of the contract for which work is delivered.

Justification of the valuation rules (going concern)

When drawing up the annual accounts, the planned objectives have been taken in to account, as well as the necessary funding present at year end and the financial means that are expected from partnerships with pharmaceutical companies. These financial means allow to meet the payment obligation at least until the shareholders' meeting which will approve the annual accounts of 2007. Consequently, the annual accounts have been prepared on the assumptions that the Company is a going concern.

ANNEX A—ABLYNX'S PATENTS

The following table provides additional information concerning the Company's patents:

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
Technology platform	Immunoglobulins devoid of light chains	EP19920402326 21-08-1992 EP19930401310 21-05-1993	7 granted US patents, 5 pending US applications, 1 granted EP patent (currently in opposition appeal proceedings), 4 pending EP applications, 1 granted JP patent, 3 pending JP applications, further granted patents and/or pending applications in AU, CA, FI, HK, PT, ZA	EP: 2013 US: 2013-2017	VUB	Licensed by VUB to VIB In-licensed by Ablynx from VIB
Technology platform	Production of antibodies or (functionalized) fragments thereof derived from heavy chain immunoglobulins of camelidae	EP19930201239 29-04-1993 EP19930201454 19-05-1993 EP19930202079 15-07-1993	Granted in EP, US	EP: 2014 US: 2014-2022	Unilever NV. VUB	Licensed by VUB to VIB, In-licensed by Ablynx from VIB and Unilever NV
Technology platform	Variable fragments of immunoglobulins—use for therapeutic or veterinary purposes	EP19950400932 25-04-1995	Pending in EP, US, JP	EP: 2016 US: 2016	VUB	Licensed by VUB to VIB In-licensed by Ablynx from VIB
Technology platform	Recognition molecules interacting specifically with the active site or cleft of a target molecule	EP19960201788 27-06-1996	Granted in AU Pending in US, EP, JP, CA	2017	VIB	In-licensed from VIB
Technology platform	Single-domain brain-targeting antibody fragments derived from llama antibodies	US20000207234P 26-05-2000 US20010263108P 22-01-2001	Pending in EP, US, CA	2021	NRC	In-licensed from NRC
Technology platform	Single domain antigen-binding antibody fragments derived from llama antibodies	US20000207234P 26/05/2000	Pending in US, CA	2021	NRC	In-licensed from NRC

* Without taking into account any supplemental protection certificate which may be issued.

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
Technology platform	Functional heavy chain antibodies, fragments thereof, library thereof and methods of production thereof	EP20010204037 24-10-2001 US20010335054P 24-10-2001 JP20020004184 11-01-2002	Pending in EP, US, JP, AU, CA, HK	2022	VIB	In-licensed from VIB
Technology platform	Method for displaying loops from immunoglobulin domains in different contexts	EP20010870274 11-12-2001	Pending in EP, US	2022	AlgoNomics NV Ablynx	
Technology platform	Method for cloning of variable domain sequences	EP20010205100 21-12-2001	Pending in EP, US, JP, AU, CA, NO	2022	VIB	In-licensed from VIB
Technology platform	Immunoconjugates useful for treatment of tumours	EP20020075048 03-01-2002 EP20020077734 09-07-2002	Pending in EP, US, JP, AU, CA	2023	VIB VUB	In-licensed from VIB
Technology platform	Method for generating variable domain sequences of heavy chain antibodies.	US prov. 60/648,922 31-01-2005 US prov. 60/663,622 18-03-2005	Pending in EP, US, JP, CA, AU	2026	Ablynx	
Technology platform	*New class of US Nanobodies™*	US prov. 60/792,279 14-04-2006	Not yet published PCT application filed	2027	Ablynx	
Technology platform	*Method for providing improved Nanobodies™*	US prov. filed 03-07-2007	Not yet published In priority year	2028	Ablynx	
Technology platform	Immunoadsorbents	GB19890028501 18-12-1989		EP: 2010 US: 2016	Crosfield Limited	In-licensed from Unilever NV
Technology platform	Method for producing antibody fragments	EP19980300525 26-01-1998		2019	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Binding of antibody fragments to solid supports	EP19990300058 05-01-1999		2020	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Method for producing antibody fragments	EP19990300351 19-01-1999		2020	Unilever PLC Unilever NV	In-licensed from Unilever NV

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
Technology platform	Inhibition of viral infection using monovalent antigen-binding proteins	EP19990303117 22-04-1999		2020	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Immobilization of proteins using a polypeptide segment	EP19990309515 29-11-1999		2020	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Immobilized single domain antigen-binding molecules	EP19990309516 29-11-1999		2020	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Antibody heavy chain variable domains against human dietary enzymes, and their uses	EP20000200930 14-03-2000		2021	Unilever PLC Unilever NV	In-licensed from Unilever NV
Technology platform	Protein Arrays	EP20000311142 13-12-2000		2021	Unilever PLC Unilever NV	In-licensed from Unilever NV
Administration of Nanobodies	Method of administering therapeutic polypeptides, and polypeptides therefore	US20020425073P 08-11-2002 US20020425063P 08-11-2002 EP20030447005 10-01-2003 WO2003EP06581 23-06-2003 WO2003EP07313 08-07-2003	Pending in EP, US, JP, AU, CA, NZ	2023	Ablynx	
Administration of Nanobodies	*[Medical device for delivering Nanobodies]*	US prov. 60/786,126 27-03-07	Not yet published PCT application filed	2028	Ablynx	
Administration of Nanobodies	*[Intranasal delivery of Nanobodies]*	US prov. 60/855,001 27-10-2006 US prov. 60/855,544 31-10-2007	Not yet published In priority year	2027	Ablynx	
vWF	Modulation of platelet adhesion based on the surface exposed beta-switch loop of platelet glycoprotein 1B-alpha	EP200200007827 2002-08-07	Pending in EP, US	2023	Ablynx	Acquired from UMC Utrecht Holding BV

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
vWF	Therapeutic polypeptides, homologues thereof, fragments thereof and for use in modulating plateleted-mediated aggregation	EP20030447005 10-01-2003 WO2003EP06581 23-06-2003 WO2003EP07313 08-07-2003 WO2003BE00193 07-11-2003 WO2003BE00189 07-11-2003 WO2003BE00190 07-11-2003 WO2003BE00192 07-11-2003 WO2003BE00194 07-11-2003 WO2003BE00206 01-12-2003 WO2003BE00191 02-12-2003	Pending in US, EP, JP, AU, CA, CN, NO, IN, BR, CA, ZA, RU, NZ, MX, KR, IL, HK, ID	2024	Ablynx	
vWF	Methods and assays for distinguishing between forms of diseases and disorders characterized by thrombocytopenia and/or by spontaneous interaction between von Willebrand Factor (vWF)	US prov. 60/644,414 14-01-2005	Pending in EP, US, JP, CA, AU	2026	Ablynx UMC Holding NV	
vWF	Improved Nanobodies™ for the treatment of aggregation-mediated disorders	US prov. 60/683,474 20-05-2005	PCT application pending	2026	Ablynx	

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
TNF	Single domain antibodies directed against tumor necrosis factor-alpha and uses therefore	US20020425073P 08-11-2002 US20020425063P 08-11-2002 EP20030447005 10-01-2003 WO2003EP06581 23-06-2003 WO2003EP07313 08-07-2003	Pending in EP, US, JP, AU, CA, IL, ID, KR, MX, BR, IN, RU, CN, ZA, NO, HK, NZ, TW	2023	Ablynx	Program partnered with Wyeth
TNF	Improved Nanobodies™against Tumor Necrosis Factor-alpha	US prov. 60/682,332 18-05-2005	PCT application pending	2026	Ablynx	Program partnered with Wyeth
TNF	Novel treatment of chronic enterocolitis.	EP2005000107909 30-08-2005 EP2005000111654 02-12-2006	PCT application pending	2026	Actogenix NV Ablynx	Program partnered with Wyeth
Alzheimer's disease	Polypeptides interacting with amyloid-beta	US20040618148P 13-10-2004 US20050718617P 20-09-2005	Pending in EP, US, JP, AU, CA, BR, CN, IL, IN, JP, KR, MX, NZ, PH, RU, ZA, US	2025	Ablynx	Program partnered with Boehringer-Ingelheim
Half-life extension	Stabilized single domain antibodies	US20020425073P 08-11-2002 US20020425063P 08-11-2002 EP20030447005 10-01-2003 WO2003EP06581 23-06-2003 WO2003EP07313 08-07-2003	Pending in EP, US, JP, AU, CA, NZ	2023	Ablynx	
Half-life extension	Serum albumin binding proteins	US prov. 60/682,332 18-05-2005	PCT application pending	2026	Ablynx	
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/788,256 31-03-2006	Not yet published PCT application filed	2027	Ablynx	

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/843,349 08-09-2006	Not yet published In priority year US application pending	2027	Ablynx	
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/850,774 11-10-2006	Not yet published In priority year	2027	Ablynx	
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/850,775 11-10-2006	Not yet published In priority year	2027	Ablynx	
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/861,182 27-11-2006	Not yet published In priority year	2027	Ablynx	
Half-life extension	*[Nanobody constructs with extended half-life]*	US prov. 60/872,923 05-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	Single domain antibodies directed against interferon-gamma and uses therefore	US20020425073P 08-11-2002 US20020425063P 08-11-2002 EP20030447005 10-01-2003 WO2003EP06581 23-06-2003 WO2003EP07313 08-07-2003	Pending in EP, US	2023	Ablynx	
Target-specific Nanobodies	Polypeptides for use in the diagnosis, prophylaxis and treatment of diseases and disorders associated with EGFR, such as cancer	PCT/BE03/00189 07-11-2003	Pending in EP, US	2024	Ablynx	
Target-specific Nanobodies	Nanobodies™ against EGFR and IGF-IR and polypeptides comprising the same	US prov. 2005/000725939 11-10-2005	PCT application pending	2026	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target]*	US prov. 60/782,243 13-03-2006 US prov. 60/872,541 01-12-2006	Not yet published PCT application filed	2027	Ablynx	

Field	Title	Priority numbers/ dates	Status	Expiration Date*	Owner	Comments
Target-specific Nanobodies	*[Nanobodies against specific target]*	US prov. 60/838,904 18-08-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target]*	US prov. 60/874,761 13-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target]*	US prov. 60/902,532 21-02-2007	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target]*	US prov. 60/939,929 24-05-2007	Not yet published In priority year	2028	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/874,628 13-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/875,246 15-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/875,313 15-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/875,834 19-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/875,860 19-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/875,990 20-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. 60/877,050 22-12-2006	Not yet published In priority year	2027	Ablynx	
Target-specific Nanobodies	*[Nanobodies against specific target class]*	US prov. filed 25-05-2007	Not yet published In priority year	2027	Ablynx	

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ANNEX B—ABLYNX'S EXTERNAL COLLABORATIONS

The Company has entered into various external collaborations, including collaborations with the following researchers:

- Prof. Dr. Aarden, Sanquin Blood Supply Foundation, Amsterdam, the Netherlands
- Prof. Dr. Beyaert, Prof. Dr. Brouckaert, Dr. Rottiers, VIB Department of Molecular Biomedical Research, UGent, Belgium
- Dr. Cambillau, Department of Architecture et function des Macromolecules Biologiques, University of Marseilles, France
- Prof. Dr. Gasthuys and Prof. Dr. Christiaens, Faculty of Veterinary Science, University of Ghent, Belgium
- Prof. Dr. de Groot, Department of Clinical Chemistry and Hematology, UMCU Utrecht, the Netherlands
- Prof. Dr. Gresele, Dept. of Internal Medicine, University of Perugia, Perugia, Italy
- Prof. Dr. Hudson, CSIRO, Melbourne, Australia
- Prof. Rose John, Department of Biochemistry, Medical Faculty, Christian-Albrecht University of Kiel, Germany
- Prof. Dr. Kollias, Institute of Immunology, Vari, Greece
- Dr. Larrick, PRI, Mountain View, California, USA
- Prof. Dr. Leurs, Leiden/Amsterdam Center for Drug Research (LACDR) of the Vrije Universiteit Amsterdam, the Netherlands
- Dr. MacKenzie and Dr. Tanha, Institute for Biological Sciences, National Research Council of Canada, Ottawa, Canada
- Prof. Dr. Melero, Centro Nacional de Microbiologia, Madrid, Spain
- Prof. Dr. Muyldermans and Prof. Dr. Steyaert, VIB Department Molecular & Cellular Interactions, VUB, Belgium
- Prof. Dr. Piedra, Department of Molecular Virology and Microbiology, Baylor College of Medicine, Texas, USA
- Prof. Dr. Roitt, Royal Free and University College London Medical School, UK
- Dr. Simoons, Dr. de Jaegere and Dr. Leebeek, Department of Interventional Cardiology and Haematology, Erasmus UMC, Rotterdam, The Netherlands
- Dr. Stanimirovic, Institute for Biological Sciences, National Research Council of Canada, Ottawa, Canada
- Prof. Dr. Sunkel, IBMC, Instituto de Biologia Molecular e Celular, Universidade do Porto, Porto, Portugal
- Prof. Dr. Verrips, Department of Cellular Architecture & Dynamics, University of Utrecht, the Netherlands
- Prof. Dr. Pasterkamp, Head Laboratory Exp Cardiology, UMC, Utrecht, the Netherlands
- Dr. van der Heijden, Imaging Rheumatology, Meerssen, The Netherlands
- Prof. Dr. van Dongen, Section Tumor Biology, Department of Otolaryngology/Head and Neck Surgery, VUMC, Amsterdam, The Netherlands.

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GLOSSARY

Acute Coronary Syndrome (ACS)	Term including a range of clinical conditions resulting from insufficient blood supply to the heart muscle, including unstable angina and myocardial infarction.
ADP receptor antagonists	Class of platelet aggregation inhibitors used for the management of ACS.
Affinity	Measure of the binding strength between an antibody and its antigen.
Angioplasty	Surgical technique used to widen narrowed arteries. It is usually done by means of a balloon that, when deflated, is threaded into the affected area, then inflated compressing the plaque and dilating (widening) the narrowed coronary artery so that blood can flow more easily. This is often accompanied by inserting an expandable metal stent. The full name for the procedure is percutaneous coronary intervention (PCI).
Ankylosing spondilitis	Disease characterized by the chronic inflammation of the joints in the spine.
Antibody	Y shaped protein that is produced as the result of the introduction of an antigen into the body and that has the ability to specifically bind said antigen, triggering an immune response.
Antibody mimic	Biological structure which can be manipulated in order to generate a sufficient diversity and binding affinity in order to mimic the binding characteristics of an antibody.
Anticoagulant	Substance that prevents the clotting of blood.
Antigen	Any substance that can cause the production of antibodies.
Anti-platelet agent	Substance that prevents the adhesion and aggregation of blood platelets, thereby preventing the formation of blood clots.
Avidity	Overall binding strength between an antibody and its antigen, determined by the number of binding sites between them.
B-cell	Type of white blood cell that produces antibodies.
Camelidae	Belonging to the class of mammals, this family comprises camels, llamas, alpacas, vicunas and guanacos.
Clinical Trial	Rigorously controlled test of a drug candidate or a new invasive medical device on humans.
Coronary Artery Disease (CAD)	Narrowing and hardening (artherosclerosis) of the coronary arteries that reduces the flow of blood to the heart muscle. Acute Coronary Syndrom (ACS). CAD patients are at increased risk of developing a heart attack, also known as an acute myocardial infarction (AMI).
CMO	Contract Manufacturing Organization.
Coagulation Cascade	Process by which the blood clots to form solid masses, or clots.
Cohort	Group of persons receiving treatment in a clinical trial.
Current Good Manufacturing Practice (cGMP)	cGMP standards are a part of the guarantee of the pharmaceutical quality of the drug and guarantee that drugs are made up and controlled in a consistent fashion, according to a standard of

	quality adapted to the considered use and in compliance with provisions on drugs.
Dalton	Measure of molecular weight or mass. One hydrogen atom has a mass of 1 Dalton. Proteins and other macromolecules are usually measured in kilodaltons (1000 Dalton).
Deep Vein Thrombosis (DVT)	Blood clot that forms in the larger veins of the body, most commonly in the leg. DVT is frequently a precursor of a pulmonary embolism.
EMEA	European Agency for Evaluation of Medicinal Products.
Epitope	Site on an antigen recognized by an antibody.
FDA	Food and Drug Administration, a Rockville, Maryland USA based agency responsible for the drug approval process in the United States.
Flow cytometry	Analysis of biological material by detection of the light-absorbing or fluorescing properties of cells or cell fractions passing in a narrow stream through a laser beam.
Freedom-to-operate	Means that a particular action, such as testing or commercializing a product, can be done without infringing valid intellectual property rights of others.
Germline	The body's reproductive cells (egg or sperm). Germline DNA becomes incorporated into the DNA of every cell in the body of offspring.
G-Protein Coupled Receptors (GPCRs)	Cell membrane proteins of high medical and pharmacological importance.
Half-life time	The length of time it takes for half of the drug molecules to get cleared from systemic circulation.
Heavy chain antibody	Antibody which consists of two heavy chains only.
Homologous	Similar in linear sequence and structure.
Humanization	Process by which a therapeutic protein of non-human origin is altered to more closely resemble a related human protein, intended to reduce the immunogenic potential if the drug.
Idiopathic Thrombocytopenic Purpura (ITP)	Autoimmune disease in which the body makes antibodies against its own platelets, leading to low platelet counts (thrombocytopenia).
Immunization	Process by which an antigen is introduced in the body in order to raise an antibody response.
Immunogenic	Having the ability to raise an antibody response.
Immunoglobulin	See antibody.
IFRS	International Financial Reporting Standards.
IND	Investigational New Drug Application. An application that a drug sponsor must submit to FDA before beginning tests of a new drug on humans. The IND contains the plan for the study and is supposed to give a complete picture of the drug, including its structural formula, animal test results, and manufacturing information. The equivalent in Europe is called Request for Authorization (RfA).

Inflammatory bowel disease (IBD)	Group of chronic intestinal diseases characterized by inflammation of the bowel. The most common types of inflammatory bowel disease (IBD) are ulcerative colitis and Crohn's disease.
In vitro	In glass or plastic vessels rather than in living systems.
In vivo	In living systems.
Monoclonal Antibody (mAb)	An antibody produced in a laboratory from a single clone that recognizes only one antigen.
Multi-valent	Having more than one binding site.
Myocardial Infarction (MI)	Heart attack, caused by a severely reduced or stopped blood supply to part of the heart muscle (the myocardium).
Nanobody	Protein that is composed of one or more binding domains with the structural and functional characteristics of naturally occurring heavy chain variable domains (VHH's) from Camelidae.
Nanobody Technology Platform	Ablynx's know how, expertise, patents and capabilities in relation to the discovery and development of Nanobodies for healthcare applications.
Nanoclone	Ablynx's proprietary Nanobody discovery method based on the sorting of B cells originating from immunized lamas.
NRC	National Research Council, Canada.
Orphan drug Pathogen	Drug treating a rare disease. The grant of orphan drug status by the authorities provides certain privileges, intended to stimulate the research, development and commercialization of orphan drugs. Microorganism able to cause a disease.
Peripheral artery occlusive disease (PAOD)	Condition that develops when the arteries that supply blood to the internal organs, arms, and legs become completely or partially blocked by a thrombus.
Phage display	Technique using recombinant DNA technology to create bacteriophages with a desired peptide or protein embedded in the surface of their protein coat. Agonists and antagonists of the target peptide can then be identified experimentally, enabling the engineering of antibodies and development of new drugs.
Pharmocodynamic	The action or effect of drugs on living organisms.
Pharmacokinetics	The study of the bodily absorption, distribution, metabolism, and excretion of drugs.
Phase I clinical trial	Clinical trial to test a new biomedical intervention in a small group of people for the first time to evaluate safety (e.g., to determine a safe dosage range and to identify side effects).
Phase II clinical trial	Clinical trial to study a new biomedical intervention in a larger group of people to determine efficacy and to further evaluate its safety.
Placebo	Medically inert substance given in connection with a controlled, double blinded clinical study.
Pre-Clinical Trial	Laboratory test of a new drug candidate or a new invasive medical device on animals or cell cultures that is conducted to gather evidence justifying a clinical trial.

Protein	Molecule consisting of a chain of amino acids. Each protein has unique biological functions.
Psoriaris	Common skin disease characterized by thickened patches of inflamed, red skin covered with thick, silvery scales.
Pulmonary Embolism (PE)	Embolism (closure) of a lung artery, blocking or reducing the blood flow to the supplied lung tissue. Pulmonary embolism is most often caused by thrombosis in the larger veins elsewhere in the body. Dislodged thrombi can subsequently travel via the heart to the lungs. Deep venous thrombosis and pulmonary embolism are regarded as the same disease.
Request for Authorization (RfA)	An application that a drug sponsor must submit to EMEA before beginning tests of a new drug on humans. The RfA contains the plan for the study and is supposed to give a complete picture of the drug, including its structural formula, animal test results, and manufacturing information. The equivalent in the US is called Investigational New Drug Application (IND).
Rheumatoid arthritis (RA)	Autoimmune disease that causes chronic inflammation of the joints, the tissue around the joints, as well as other organs in the body.
Small molecule	Non-protein molecule drug.
Stroke	A stroke occurs when an artery carrying blood to the brain is either blocked by a blood clot or bursts.
Systemic administration	Means that the drug goes throughout the body (usually carried in the bloodstream), and includes oral administration (by mouth) and intravenous administration (injection into the vein).
Therapeutic antibody	Monoclonal antibody, typically humanized or fully human, used as a medicament.
Thrombocytopenia	Low platelet concentration in the blood.
Thrombolytic agent	Drug that is able to dissolve a clot (thrombus).
Thrombotic thrombocytopenic purpura (TTP)	Blood disorder that causes blood clots to form in blood vessels around the body.
Thrombosis	Formation of a blood clot locally within a blood vessel.
Thrombus	Blood clot.
TNFα	Protein named Tumor Necrosis Factor-alpha produced by several of the body's cell types, involved amongst others in systemic inflammation.
Transgenic	Where cloned genetic material from one species or breed to another has been transferred.
V_{HH}	Variable or binding domain of a naturally occurring heavy chain antibody.
VIB	Flanders Interuniversity Institute for Biotechnology.
VUB	Free University of Brussels.
Von Willebrand Factor (vWF)	Substance in the blood that helps platelets stick to damaged vessel walls under high shear conditions, e.g. in arteries.

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