

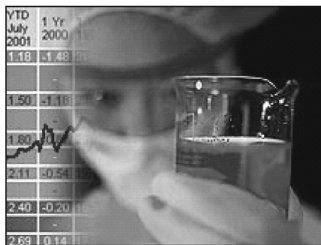
Drugs from Llamas? Belgian Firm Eyes IPO Next Year.

Biotech firm banks on llama DNA

Belgian company Ablynx hopes to go public; uses the animal's antibodies to treat arthritis and cancer.

LONDON (Reuters) - A Belgian biotechnology company using llama DNA to develop a new class of drugs hopes to float on the Euronext stock market next year, its incoming chief executive said on Monday.

Ablynx, a pioneer of antibody-derived medicines called "nanobodies," aims to raise some 25 million euros (\$30 million) in a further private funding round in 2006 ahead of a possible initial public offering in 2007, Edwin Moses said.



Ablynx is a Belgium-based biotechnology firm.

Ablynx plans to catch a new wave in antibody-based medicine by capitalizing on a quirk of nature, which means llamas and camels possess fully functional antibodies that are much smaller than those in humans and other animals.

It hopes to develop drugs to treat conditions ranging from arthritis to cancer.

By cloning DNA sequences from llamas, its scientists can produce protein fragments, or nanobodies, that do the work of a normal antibody, despite

being one-tenth the size, Moses said..

That means they may reach new targets in the body and could potentially be given by mouth rather than injection. They should also be cheaper to manufacture.

"My goal is to get all the assets in place in the company -- the management team, Phase II results, further collaborations -- so that we are IPO-able in 2007, if we choose to do it," he told Reuters.

Moses, who led the flotation of Britain's Oxford Assymetry International in 1998, is stepping up from non-executive chairman to the role of CEO to ready Ablynx for its next phase.

The Ghent-based company only has a staff of 60 -- plus 20 llamas -- but believes it can play a key role in a global antibody drug market that was worth \$14 billion in sales last year, and includes blockbusters like Genentech's (up \$0.35 to \$85.28, Research) Herceptin and Avastin for cancer.

So far, Ablynx's nanobody technology has only been tested on animals but the company intends to start clinical tests later this year.

Its most advanced product is an experimental treatment for thrombosis but it is also working

on drugs for rheumatoid arthritis, inflammatory bowel disease and cancer.

It is a high-risk venture and Ablynx is not alone. Another privately owned Anglo-American company called Domantis is also working in the area and several large drug makers are researching better ways to make antibodies, including Switzerland's Roche, which last year bought GlycArt Biotechnology for 235 million Swiss francs (\$178.6 million).

Antibody research has been in the spotlight this month, after a clinical trial in Britain of an antibody drug made by a German company went badly wrong. But Moses noted thousands of other tests involving 18 antibody products that have already been approved for sale and many others in development had been problem-free.

Ablynx has so far raised 33 million euros from venture capitalists such as Abingworth, Alta Partners, Gilde, GIMV and Sofinnova. It has research deals with several big drug firms, including Novartis and Johnson & Johnson.

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