

Quarterly report: 4th quarter 2007
High visibility on the activity: cash position of
M€ 24.9 covering 4 years of operations.

Nantes (France) – February 14th, 2008

VIVALIS is a public biopharmaceutical company that provides innovative cell-based solutions for the industrial manufacture of viral vaccines and therapeutic proteins, and develops vaccines and drugs to prevent and treat viral diseases. VIVALIS announces the first results regarding the development of its EBx[®] platform in the therapeutic protein market and a cash position of M€ 24.9 at the end of the year.

Highlights of the 4th quarter of 2007

On schedule development of VIVALIS' 3 lines of business: EBx[®] platforms licencing for vaccines manufacturing, EBx[®] platforms licensing for therapeutic proteins manufacturing, and the development of proprietary products.

The 4th quarter of 2007 saw major breakthroughs in the development and licensing of the EBx[®] platform for the manufacture of therapeutic proteins, with promising biological results, further agreements and investments in human and material resources.

I. EBx[®] platform on the vaccine market:

The EBx[®] platform research and test programmes for the manufacture of vaccines have been continued with VIVALIS' partners, respecting the initial schedule.

VIVALIS is therefore confident in filing the regulatory registration document (BMF: *Biological Master File*), with the US Food and Drug Administration (FDA) by the end of the first half of 2008.

Furthermore, VIVALIS has signed an extension to its partnership with the Japanese firm Kaketsuken (25% of the Japanese vaccine market), to test 7 viruses altogether on the EBx[®] platform. This agreement is a further proof of the keen interest among laboratories in the unique production technology developed by VIVALIS.

II. EBx[®] platform on the therapeutic protein market:

The market for therapeutic proteins is worth around \$ 76 billion, 6 times more than for vaccines. This market is as strategic for VIVALIS as the vaccine market.

In the field of therapeutic proteins production, VIVALIS has obtained some very convincing scientific results with its EBx[®] technology platform.

The Company recently demonstrated that EBx[®] cells are easily genetically engineered to efficiently express recombinant proteins of interest. VIVALIS and its partners have demonstrated that the glycosylation profile of monoclonal antibodies produced in EBx[®] cells, is similar to human monoclonal antibodies glycosylation profile, with the remarkable additional feature of allowing a better cytotoxic activity to antibodies, since avian cells produce antibodies with a reduced fucose content.

EBx[®] cells have thus the potential to constitute a novel cellular platform for recombinant protein production, and, in particular monoclonal antibodies having an improved cytotoxic activity.

The research licence signed with a world leader in pharmaceuticals in the 4th quarter of 2007 demonstrates the interest of the technology being developed by VIVALIS.

This agreement signed with Sanofi-Aventis on October 17 following those signed with MAT BIOPHARMA and INNATE PHARMA (Euronext Paris: IPH) during 3rd quarter 2007, for the production of anti-cancerous antibodies on the EBx[®] platform, confirms on the one hand the wide range of applications for EBx[®] technology developed by VIVALIS, and on the other hand, the interest of big pharma players for this platform to produce monoclonal antibodies (a class of therapeutic proteins), specifically in the field of anti-cancer drugs.

The company is continuing to invest in this sector in terms of both equipment and human resources. Thus VIVALIS has purchased a Clonepix robot from the Genetix Corporation, which will enable it to accelerate the development of the EBx[®] platform. It has also hired a number of researchers along with the appointment of Dr Frédéric Legros as Business developer, responsible for the commercial development of the EBx[®] platform in the therapeutic proteins market.

III. Proprietary products:

The development program relating to anti-hepatitis C molecules (targeting polymerase and protease) is progressing in line with the company planning. Anti-polymerase molecule entered in pre-clinical phase.

Investments and recruitments

In line with the strategy announced when first listed on the stock exchange, VIVALIS has continued to invest in state-of-the-art technology and has strengthened its research teams in order to accelerate development of its activities. Since 1st October 2007, three research engineers, one Business Developer and two technicians have joined its R&D staff.

Protection of intellectual property

The European Patent Office (E.P.O.) has issued to VIVALIS a new European patent under number N[°]EP1446004, which protects a process for obtaining avian embryonic stem cells (ES) modified by homologous recombination for recombinant proteins expression.

This patent is a new addition to the company's patent portfolio in the field of avian stem cells. This portfolio includes three exclusive, worldwide patent licenses, two to North Carolina State University (USA), and one to INRA/CNRS/ENS of Lyon (France), and 37 proprietary patents or patent applications. It is one of these patent applications that the E.P.O. has just officially granted in Europe.

Financial Information

Revenues for 2007 amount to K€ 996, the 4th quarter having little impact due to no milestone payments during that period. Indeed, the current revenues, coming mainly from the initial up front payments and milestones payments under the EBx[®] platform license agreements, are bound to vary from one quarter to another, and have no bearing on the technological advances being made by VIVALIS.

It should be noted that the 22 license agreements signed by the company could represent M€ 57,6 of up front payments and milestones payments in the coming years, not including royalties on its customers' sales.

The net cash consumption for the 4th quarter of 2007 amounts to M€ 1.6, in line with company forecasts. Despite the non significant cash income and the strengthening of R&D efforts, cash outcome remains largely under control, due to a careful overheads management policy.

Thus on 31 December 2007, the cash position stood at M€ 24.9, enabling the Company to feel comfortable with pursuing its development. This cash position, better than what analysts expected, covers 4 years of operation, offering VIVALIS very high visibility.

Next calendar:

March 31st, 2008 after Euronext closing: 2007 Annual accounts

About VIVALIS (www.vivalis.com)

VIVALIS (Euronext Paris: VLS) is a biopharmaceutical company specialised in vaccines and in viral diseases. VIVALIS' know-how and proprietary technologies are commercially exploited in three main areas:

1. Vaccine development and manufacturing. VIVALIS grants research and commercial licences to its proprietary embryonic stem cell lines to pharmaceutical and biotechnology companies active in the viral vaccine business.
2. Recombinant therapeutic protein and monoclonal antibody expression systems development. VIVALIS partners with pharmaceutical and biotechnology companies in this area, to which it licenses its proprietary **EBx®** embryonic stem cell lines to manufacture recombinant therapeutic proteins.
3. The build-up of a proprietary portfolio of vaccines and anti-viral molecules.

Based in Nantes (France), Vivalis was created in 1999 by Group GRIMAUD (1450 employees), the n°2 group worldwide in avian genetic breeding. Vivalis has established several partnerships with companies that are worldwide leaders in their respective fields, including Sanofi Pasteur, GlaxoSmithKline, Novartis Vaccines, Merial and SAFC Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES cluster.

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Reuters: **VLS.PA** – Bloomberg: **VLS FP**

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