VIVALIS

A French public limited company (*Société Anonyme*) with an Executive Board and a Supervisory Board
Share capital: 3,152,016.45 euros
Registered office: La Corbière, 49450 Roussay France
Angers Trade and Companies Register (RCS) No.: 422 497 560

INTERIM FINANCIAL REPORT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011

A- Responsibility statement

To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements of the Company and consolidated operations provide a fair view of its assets and liabilities, financial position and earnings, and the interim management report on page 2 includes a fair view of material events occurring in the first six months, their impact on the interim financial statements, the main transactions with related parties and a description of the key risks and uncertainties for the remaining six months.

Franck Grimaud
Chairman of the Management Board of the Company

B- Auditors' report on the 2011 interim financial information

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholder meeting and in accordance with the requirements of article L. 451-1-2 of the French Monetary and Financial Code (*"Code monétaire et financier"*) , we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Vivalis, for the period from January 1st, 2011 to June 30, 2011, as attached to this report.
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. 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 professional standards applicable in France 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 accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the interim management report commenting the (condensed) half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation its and consistency with the condensed half-year consolidated financial statements.

Cholet and Neuilly-sur-Seine, 29 August 2011
The Statutory Auditors
[*French original signed by*]

Jean-Claude Pionneau	Christophe Perrau
Gérard Chesneau & Associés	Deloitte & Associés

C- 2011 INTERIM MANAGEMENT REPORT

I. Review of operations of Vivalis for the 2011 first half

2011 first half highlights:

Significant events in the first half included:

- Vivalis' acquisition by of SC World's high-throughput screening (HTS) single-cell antibody discovery technology based on isolated B-lymphocytes and the creation of a subsidiary in Japan;
- A simplified merger entailing the transfer of all Humalys' assets and liabilities to Vivalis (*transmission universelle de patrimoine*) to Vivalis;
- Continuing commercial and technical advances by Vivalis technology platforms;
- The technical audit of the Vivabio programme (OSEO funding).

1. Vivalis' acquisition of SC WORLD's high-throughput screening (HTS) single-cell antibody discovery technology based on isolated B-lymphocytes and the creation of a subsidiary in Japan

In April 2011, Vivalis acquired high-throughput screening (HTS) single-cell antibody discovery technology based on isolated B-lymphocytes developed by SC World's. SC World also transferred to Vivalis intellectual property including various patents co-owned with the Toyama Prefecture, know-how and physical assets to utilize its single-cell technology for human monoclonal antibody discovery. Concurrent with this agreement, the Toyama Prefecture granted an exclusive world-wide license for these patents covering the technology for isolated cells.

To pursue the development of this technology and expand its commercial activities in Japan and Asia, Vivalis created in Toyama a wholly-owned subsidiary, VivalisToyama Japan KK. This subsidiary has been operational since 2 May 2011 with a team of six including 4 researchers originating from SC WORLD.

2. A simplified merger transferring all Humalys' assets and liabilities to Vivalis

On 7 January 2010 Vivalis acquired 100% of Humalys' shares. Vivalis decided to transfer all Humalys' assets and liabilities through a simplified merger procedure (*transmission universelle de patrimoine*) to group all Humalys' activities withina single legal entity, rationalise costs and simplify the management its operations. This also contributes to conveying a common image vis-à-vis Vivalis' market and customers. Vivalis in this way proposes an integrated offering from the discovery of new antibodies to the production of pre-clinical and clinical materials.

Pursuant to the decision of the Executive Board on 22 November 2010, Humalys' assets and liabilities were thus transferred to Vivalis through this simplified merger procedure effective 3 January 2011. Humalys was thereupon dissolved without liquidation.

With respect to this simplified merger, French tax authorities approved the company's application to make use of favourable provisions for transferring Humalys' tax loss carryforwards to Vivalis.

In addition, this simplified merger procedure was effective retroactively for tax purposes on the first day of the fiscal year enacting the decision for the dissolution without liquidation, namely on 1 January 2010.

3. Continuing commercial and scientific advances by Vivalis technology platforms

The EB66® platform: Vivalis signed two new commercial agreements with Kyoto Biken and Transgene to produce vaccines. Vivalis also concluded two new research license agreements with Okairos and a company whose name has not been disclosed

These developments confirm the EB66® cell line's status as the cell substrate industry standard for the manufacture of viral vaccines. And following the green light granted by the US Food and Drug Administration (FDA) to GlaxoSmithKline (GSK) in November 2010 to conduct human clinical trials, the approval granted by the Japanese health authorities in early 2011 to Kaketsuken, a licensee of GlaxoSmithKline, to proceed with the first human injections in clinical trials has only further strengthened this position.

The antibody discovery platform: In June 2010 Vivalis (Humalys) signed a commercial license and collaboration agreement with Sanofi Pasteur for the discovery and development of fully human monoclonal antibodies against several infectious disease targets. The financial terms of this agreement provide for payment of a €3 million upfront license fee to be followed by milestone payments for up to €35 million per infectious disease as well as royalty payments linked to product sales. In addition, Sanofi Pasteur will finance collaborative research activities with Vivalis. In January 2011, Vivalis announced the signature of an agreement to initiate a second antibody discovery programme with Sanofi Pasteur within the framework of this collaboration agreement.

Finally, Vivalis and Singapore Immunology Network (SIgN), an institute of the Agency of Science, Technology and Research (A*STAR), discovered two new fully human monoclonal antibodies that may be used to combat the Chikungunya virus. There currently exists no available vaccine or specific treatment for this disease.

4. The technical audit of the VIVABIO programme (OSEO funding).

On July 23 2008, Vivalis received a commitment from OSEO (a French organisation providing assistance and financial support to French SMEs and VSEs) for a funding of €6 million in the form of a grant and repayable loan, as part of the programme for developing comprehensive production processes and the manufacture of clinical batches of vaccines and proteins. This programme is linked to a partnership with Innate Pharma (France) in the field of antibodies and with Geovax (USA) in the field of vaccines. This aid provided through the new strategic industrial innovation support programme of OSEO will be repayable only if the project is successful.

In October 2010, Vivalis notified OSEO that Innate Pharma, one of the partners of the Vivabio programme had discontinued the development of the IPH 4101 product. In response OSEO requested a technical audit of the programme. In early January 2011, an expert was appointed who conducted an audit of the two partners in late January. Following this audit, in May 2011, OSEO accepted that a new partner be included to replace Innate Pharma. The application for the inclusion of this new partner led to a refusal on July 2011. Vivalis is not agreeable with this decision according to the explanation given by OSEO and Vivalis is confirming its decision to pursue this part of the scientific program. Furthermore, following recognition of progress in the programme by OSEO, in July 2011 Vivalis received a new payment of €1.8 million. To date, Vivalis has received €4.7 million of the total funding of €6 million.

II. Outlook:

On the strength of its solid and complementary base of technological assets and sound financial position, Vivalis' objectives for 2011 include:

- Execute 6 to 7 new license agreements for the EB66® cell line including 2 commercial licenses;
- A new authorization for human clinical trials for vaccines manufactured with the EB66® cell line;
- The signature of a new commercial agreement for the VIVA│SCREEN antibody discovery platform;
- A year-end cash position of approximately €30 million after factoring in capital investments of €8 million;
- Launch of the first program to develop proprietary monoclonal antibodies;

III. Business risks and uncertainties for the following six months:

Vivalis operates in a rapidly evolving environment subject to significant risks and uncertainties outside of the Group's control. Risks and uncertainties potentially affecting the Group are presented in the French registration document (*document de référence*) filed with the French securities regulator, the AMF (*Autorité des Marchés Financiers*) under No. D 11- 0404 on 28 April 2011, also available at the Group's website: www.vivalis.com.
The Group is notably subject to the following risks. As this list is not exhaustive, consultation of the registration document is recommended for a more precise description of the risks associated with the Group's business:

- Risks of failures or delays in development of the EB66® cell line;
- Risks relating to developing products of Group licensees;
- Risks relating to developing Group products;
- Risks of dependence with respect to the EB66® cell lines out-licensing activities.

IV. Management's discussion and analysis of financial condition and results of operations for the six month period ended 30 June 2011

The condensed consolidated financial statements for the period ended 30 June 2011 were prepared in accordance with the provisions of IAS 34 for interim financial reporting authorising the presentation of selected explanatory notes. In consequence, these condensed consolidated financial statements must be read in conjunction with the IFRS annual financial statements for the 2010 fiscal year (registration document filed with the AMF under No. D 11- 0404 on 28 April 2011 available in French at the company's website: www.vivalis.com).

Figures presented in these financial statements are expressed in thousands of euros

Recurring operating income

Operating income for the 2011 first half was €5,826,000, up 85% from €3,152,000 in the same period last year. This uptrend was even more pronounced for revenue (derived from commercial partners) with a rise of 165% to €4,688,000 for the 2011 first half from €1,770,000 from last years' same period. This revenue represented 80% of total recurring operating income for the 2011 first half compared with 56% for the same period in 2010.

Income from research services is much less irregular, reflecting notably different collaborative programmes with Sanofi Pasteur on the antibody discovery platform. On that basis, revenue from research services grew 64% from €507,000 in the 2010 first half to €830,000 for the same period in 2011.

Revenue from commercial licenses recorded under "licensing income" and recognised over the duration of the development programme for the product in which the Group participates increased threefold to €3,859,000 in the 2011 first-half from €1,263,000 in the same period last year. This rise reflects strong commercial growth as well as the achievement of major milestones in the Group's development programmes over the last 12 months. This also includes exceptional income from a new milestone payment after the co-exclusive EB66® license agreement between GSK and Vivalis in 2007 in the influenza vaccine field was transformed into a fully exclusive license following the termination of the commercial license agreements relating to this initial co-exclusive license (CSL, Nobilon).The period also included the termination of the commercial license by Innate after the decision to discontinue the development of their product in connection with the Vivabio collaborative programme funded by OSEO.

Recurring operating income also includes three other categories of income that experienced mixed trends in the 2011 first half.

Capitalised production corresponding to the development expenditure of programmes of Vivalis now concerns only patents. While this item was down in relation to the 2010 first half, it has remained very marginal since 2009 as our programmes have advanced to the commercial deployment phase.

Operating grants accounted for €298,000 in the 2011 first half, down from €363,000 in last year's same period. This significant decline in part reflects decreased income relating to the VIVABIO grant from OSEO (following the discontinuation of programmes concerned by the partner, Innate, generating a slowdown in the activity pending re-examination of the application for a new partner still in progress).

Other operating income concerned research tax credits (RTC) of €838,000 for the 2011 first half compared with €873,000 for the same period last year. This amount estimated on an annual basis and applied pro rata over the six-month period takes into account the new calculation methods of the 2011 Finance Act. The decline recognized in this context is mainly the result of the allowance generated from the receipt of grants and loans (including €1.8 million by OSEO in July 2011. A €36,000 adjustment for 2007 to 2009 RTCs was accordingly recorded in the 2011 first half following a tax audit completed in June 2011 that validated the calculation methods used.

Total recurring operating expenses

Recurring operating expenses totalled €8,880,000 at 30 June 2011, up from €7,796,000 year-on-year. The significant increase (14%) reflects Vivalis' efforts to pursue development, and including notably the acquisition of the antibody discovery platforms and 2010 and 2011 (amortisation expense).

As the main operating expense item accounting for nearly 43% of the total (unchanged compared with the previous period), personnel costs rose 14% to €3,789,000 in the 2011 first-half, up from €3,334,000 in 2010. The average number personnel of Vivalis Group increased 16% from 88.2 FTE (full-time equivalents) in the 2010 first half to 102.4 FTE for the same period in 2011. This increase included the addition of 6 employees of the new Japanese subsidiary beginning in May.

Between the first six months of 2010 and 2011, expenditures for raw materials and other supplies declined 13% to €939,000 while other purchases and external expenses rose 4% to €2,339,000.

Depreciation, amortisation and provisions rose significantly in the period (+75%) from €888,000 to €1,558,000. This includes depreciation expenses for the new research and development laboratory at Saint-Herblain and related equipment commissioned in June 2010, as well as those for the new antibody discovery technologies (Humalex and the technology acquired from the Japanese company, SC World).

Operating profit / (loss)

At 30 June 2011, the operating loss was €3,053,000, down from €5,525,000 at the end of the previous first half period. This improvement included income from continuing operations from strong growth in revenue offsetting a more modest rise in operating expenses. In addition, no non-recurring expenses were recognised in the 2011 first half in connection with the 2010 revaluation of the earnout payment for Humalys acquisition following the signature of a collaboration and commercial license agreement with Sanofi Pasteur.

Net financial income/(expense)

Net financial expense in the 2011 first half amounted to €19,000, down from €235,000 in last year's same period. This improvement was generated by investment income on cash and cash equivalents (up significantly from the previous period in response to the share capital increase in July 2010) while interest expense remained stable.

At 30 June 2011 the net loss before tax was €3,072,000, down from €5,761,000 for the same period in 2010.

Net loss

The company had a net loss of €3,072,000 at 30 June 2011 compared with €5,924,000 year-on-year. The basic loss per ordinary share was €0.15 compared with €0.40 at 30 June 2010.

Capital resources

In the first six months of 2011, the €4.3 million decline in the cash position reflected the following items:

- -€3.1 million for operating activities;
- -€4 million for investing activities including €3.3 million for the acquisition of the antibody discovery platforms, Humalex and the SC World technology;
- +€2.8 million for financing activities including €2 million after payment of the 2011 instalment for the debt incurred under the financing agreement with the sellers of Humalys, making it possible to lift the corresponding pledge on UCITS investments.

Assets

Net intangible fixed assets: the increase from €15,158,000 at 31 December 2010 to €20,500,000 at 30 June 2011 reflects notably the acquisition of the antibody discovery technologies, after deducting the corresponding allowances for amortisation.

Net property, plant and equipment of €13,085,000 at 31 December 2010 increased €13,030,000 at 30 June at 2011, with depreciation expenses for these assets exceeding amounts for acquisitions.

Other non-current assets increased from €3,846,000 at 31 December 2010 to €5,143,000 at 30 June 2011. The main items contributing to this increase were:

- The integration of the 2011 RTC receivable for €838,000;
- The reclassification under non-current items of the second instalment of OSEO funding for the Vivabio programme. In effect, out of €2,157,000 receivable before payment of the balance of funding at the end of the VIVABIO programme , only €1,785,000 relating to reimburse the loans have been paid to the company in July 2011. The €372,000 relating to grants were postponed to the next progress milestone of the programme that remains to be defined within the framework of the re-examination in progress (See section 4).

Other current assets registered a corresponding decline in response to this reclassification from €3,309,000 at 31 December 2010 to €2,820,000 at 30 June 2011.

Current financial assets included the impact of cash equivalents pledged in favour of Crédit Agricole in exchange for the guarantee granted by the latter in connection with the debt incurred under the financing agreement with the seller (*crédit vendeur*) amounting to €4,750,000. The additional amount corresponds to negotiable certificates of deposit.

Liabilities and equity

Shareholders' equity at 30 June 2011 stood at €41.7 million compared with €44.3 million at 31 December 2010 reflecting primarily the loss incurred in the period.

Bank borrowings (including both the current and non-current portions) increased marginally (+€0.6 million) on new debt of only €1.2 million in the period.

The €1.4 million increase in other payables (current and non-current) included:

- A €2.1 million reduction in debt incurred by Vivalis in favour of the sellers for the acquisition of Humalys;
- A €1.3 million decline in deferred income or grants recognised under income;
- €4.8 million for amounts payable in respect of fixed asset purchases, notably for the acquisition of antibody discovery technologies

The total balance sheet at 30 June 2011 was €79.4 million, virtually unchanged in relation to €79.5 million at 31 December 2010.

V. Related party transactions

No new regulated agreements were signed by Vivalis Group in the 2011 first-half. Related party transactions in 2010 are described in section 19 of the registration document filed with the French financial market authority (*Autorité des Marchés Financiers* or AMF) on 28 April 2011 under No. D 11-0404.

INTERIM FINANCIAL STATEMENTS AT 30 JUNE2011

Consolidated balance sheet

(in thousands of euros)	*Note No.*	*30 June 2011*	*31/12/2010*
Goodwill	4.7.1	341	341
Intangible fixed assets	4.7.1	20,499	15,158
Property, plant and equipment	4.7.2	13,030	13,085
Non-current financial assets		320	182
Other non-current assets	4.7.3	5,143	3,846
Deferred tax assets			
NON-CURRENT ASSETS		**39,334**	**32,612**
Inventories and work in progress		737	595
Trade receivables and related accounts	4.7.4	290	480
Other current assets	4.7.5	2,820	3,309
Current financial assets	4.7.6	5,750	7,755
Deferred tax assets			
Cash and cash equivalents	4.7.7	30,420	34,748
CURRENT ASSETS		**40,018**	**46,887**
TOTAL ASSETS		**79,352**	**79,499**
Share capital		3,151	3,149
Share premium		62,133	62,111
Retained earnings (accumulated deficit) and reserves		-20,483	-13,010
Net income/(loss) for the year		-3,072	-7,962
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**41,729**	**44,288**
Non-controlling interests			-
TOTAL SHAREHOLDERS' EQUITY		**41,729**	**44,288**
Provisions		12	17
Provisions for employee commitments		81	81
Bank borrowings	4.7.8	6,169	5,541
Deferred tax liabilities			-
Other non-current liabilities	4.7.9	15,200	16,648
NON-CURRENT LIABILITIES		**21,462**	**22,287**
Provisions			-
Bank borrowings	4.7.8	1,442	1,257
Trade payables and related accounts	4.7.10	1,097	867
Tax and employee-related liabilities	4.7.11	1,499	1,496
Deferred tax liabilities		-	-
Other current liabilities	4.7.9	12,123	9,304
CURRENT LIABILITIES		**16,160**	**12,924**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**79,352**	**79,499**

II. – Consolidated income statement

(in thousands of euros)	*Note No.*	***30 June 2011***	***30 June 2010***
Research services		830	507
Licensing income		3,859	1,263
REVENUE	**4.7.12**	**4,688**	**1,770**
Change in inventory of own production of goods and services			21
Own production of goods and services capitalised		38	125
Grants	4.7.13	298	363
Other income	4.7.14	802	873
RECURRING OPERATING INCOME		**5,826**	**3,152**
Purchases of raw materials & other supplies		1,044	1,245
Change in inventory		-105	-162
Other purchases and external expenses		2,339	2,255
Taxes, duties and related amounts		127	126
Wages and salaries		3,789	3,334
Depreciation, amortisation & impairment of fixed assets	4.7.15	1,558	888
Other expenses		130	109
RECURRING OPERATING EXPENSES		**8,880**	**7,796**
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS		**-3,053**	**-4,644**
Non-recurring operating income			
Non-recurring operating expenses			-882
OPERATING PROFIT/ LOSS		**-3,053**	**-5,525**
Income from cash and cash equivalents		328	107
Cost of gross borrowings		-346	-343
NET BORROWING COSTS		**-19**	**-235**
INCOME BEFORE TAX		**-3,072**	**-5,761**
Income tax		0	-163
NET INCOME		**-3,072**	**-5,924**
Basic net earnings per share (in euro)	4.7.16	-0.15	-0.40
Diluted net earnings per share (in euros)	4.7.16	-0.15	-0.40

III.- Consolidated statement of changes in shareholders' equity

a. Change from 1 January 2011 to 30 June 2011

In thousands of euros	**Capital**	**Share premiums**	**Reserves and retained earnings**	**Net income**	**Shareholders' equity attributable to the Group**	**Non-controlling interests**	**Total shareholders' equity**
At 1 January 2011	**3,149**	**62,111**	**-13,010**	**-7,962**	**44,288**	**0**	**44,288**
Capital increase	2	22			25		25
Income appropriation			-7,962	7,962	0		0
Treasury shares			133		133		133
Share-based payments			356		356		356
Net income/(loss) for the period				-3,072	-3,072		-3,072
At 30 June 2011	**3,151**	**62,133**	**-20,483**	**-3,072**	**41,729**	**0**	**41,729**

b. Change from 1 January 2010 to 30 June 2010

In thousands of euros	**Capital**	**Share premiums**	**Reserves and retained earnings**	**Net income**	**Shareholders' equity attributable to the Group**	**Non-controlling interests**	**Total shareholders' equity**
At 1 January 2010	**2,220**	**33,697**	**-7,244**	**-6,144**	**22,529**	**0**	**22,529**
Capital increase	3	38			41		41
Income appropriation			-6,144	6,144	0		0
Treasury shares			-153		-153		-153
Share-based payments			274		274		274
Net income/(loss) for the period				-5,924	-5,924		-5,924
At 30 June 2010	**2,223**	**33,735**	**-13,266**	**-5,924**	**16,768**	**0**	**16,768**

IV – Consolidated statement of cash flows

(in thousands of euros)	Note No.	H1_2011	H1_2010	H1_2009
Cash flow from operating activities:				
Net income/(loss)		-3,072	-5,924	-3,127
Income and expenses with no impact on cash and unrelated to operating activities, tax and financial expense				
Operating depreciation and amortisation expenses	**4.7.15**	1,558	888	762
Reversals of operating depreciation and amortisation expenses		0	-14	0
Share-based payment expenses		357	274	560
Expense reclassifications on capitalised assets		0	-125	0
Share of grant transferred to income		-60	-89	-90
Non-recurring operating expenses		0	882	0
Expense (Income) from remeasurement at present value		-38	279	0
Financial expense		-128	9	53
(Gains)/losses on disposal of assets		0	-3	0
Change in other current assets/liabilities				
Inventories and work in progress		-142	-183	-23
Trade receivables and related accounts	**4.7.3**	190	-3,990	1,240
Trade payables and related accounts	**4.7.10**	230	794	-44
Other non-current assets	**4.7.3**	-1,297	-4	-1,127
Other current assets	**4.7.5**	489	80	-2,198
Tax and employee-related liabilities	**4.7.11**	3	733	-57
Other non-current liabilities	**4.7.9**	-1,268	2,008	5,970
Other current liabilities (excluding payables to fixed asset suppliers)	**4.7.9**	-79	1,180	1,103
Net cash from operating activities before tax and financial expense		**-3,257**	**-3,204**	**3,022**
Interest income/expense		128	-9	-53
Income tax payments				0
Net cash from/(used in) operating activities		**-3,129**	**-3,213**	**2,969**
Cash flow from investing activities				
Purchase of intangible fixed assets:	**4.7.1**	-6,055	-29	-3
Purchase of property plan and equipment	**4.7.2**	-752	-4,166	-825
Purchase of long-term investments		-157	-9	-14
Acquisition of Humalys		-2,324	-2,900	
Change in working capital requirements with regard to assets		5,318	826	-171
Net capital expenditure		2	12	5
Net cash used in investing activities		-3,968	-6,266	-1,008
Cash flow from financing activities				
New borrowings	**4.7.8**	1,200	1,030	0
Repayment of borrowings	**4.7.8**	-593	-472	-344
Change in other financial assets	**4.7.6**	2,005	-6,750	4,013
Subordinated grants received		0	358	0
Investment grants received		0	15	1
Treasury shares		133	-153	216
Capital increase		25	41	18
Net cash from financing activities		2,770	-5,930	3,904
Net change in cash and cash equivalents		**-4,328**	**-15,409**	**5,865**
Opening cash, cash equivalents and marketable securities		34,748	23,563	18,717
Closing cash, cash equivalents and marketable securities		30,420	8,154	24,582
Net change in cash and cash equivalents		-4,328	-15,409	5,865

IV.- Notes to the interim financial statements (In thousands of euros)

4.1 - Significant events and transactions in the first half having an impact on the condensed consolidated financial statements of 30 June 2011.

a.Vivalis' acquisition of SC WORLD's high-throughput screening (HTS) single-cell antibody discovery technology based on isolated B-lymphocytes and the creation of a subsidiary in Japan

In April 2011, Vivalis acquired high-throughput screening (HTS) single-cell antibody discovery technology based on isolated B-lymphocytes developed by SC WORLD's. SC WORLD also transferred to Vivalis intellectual property including various patents co-owned with the Toyama Prefecture, know-how and physical assets to utilize its single-cell technology for human monoclonal antibody discovery. Concurrent with this agreement, the Toyama Prefecture granted an exclusive world-wide license for these patents covering the technology for isolated cells.

To pursue the development of this technology and expand its commercial activities in Japan and Asia, Vivalis created in Toyama a wholly-owned subsidiary, VivalisToyama Japan KK. This subsidiary has been operational since 2 May 2011 with a team of six including four researchers from SC World.

b) A simplified merger transferring all Humalys' assets and liabilities to Vivalis

On 7 January 2010 Vivalis acquired 100% of Humalys' shares. Vivalis decided to proceed with a simplified merger through the transfer of all Humalys' assets and liabilities in order to group all Humalys' activities within a single legal entity, rationalise costs and simply the management its operations. This also contributes to conveying a common image vis-à-vis Vivalis' market and customers. Vivalis in this way proposes an integrated offering from the discovery of new antibodies to the production of pre-clinical and clinical materials.

On 22 November 2010, Humalys' assets and liabilities were accordingly transferred to Vivalis under this simplified merger procedure effective 3 January 2011. Humalys was thereupon dissolved without liquidation.

Pursuant to this transaction, the French tax authorities approved the company's application to benefit from favourable provisions for transferring Humalys' tax loss carryforwards to Vivalis.

In addition, this simplified merger procedure was effective retroactively for tax purposes on the first day of the fiscal year enacting the decision for the dissolution without liquidation, namely on 1 January 2010.

c. Continuing commercial and scientific advances by Vivalis technology platforms

The EB66® platform: Vivalis signed two new commercial agreements with Kyoto Biken and Transgene for the production of human and veterinary vaccines. Vivalis also concluded two new research license agreements with Okairos and a company whose name has not been disclosed.

These developments confirm the EB66® cell line's status as the cell substrate industry standard for the manufacture of viral vaccines. And following the green light granted by the US Food and Drug Administration (FDA) to GlaxoSmithKline (GSK) in November 2010 to conduct human clinical trials, the approval granted by the Japanese health authorities in early 2011 to Kaketsuken, a licensee of GlaxoSmithKline, to proceed with the first human injections in clinical trials has only further strengthened this position.

The antibody discovery platform: In June 2010 Vivalis (Humalys) signed a commercial license and collaboration agreement with Sanofi Pasteur for the discovery and development of fully human monoclonal antibodies against several infectious disease targets. The financial terms of this agreement provide for the payment of a €3 million upfront license fee to be followed by milestone payments for up to €35 million per infectious disease as well as royalty payments linked to product sales. In addition, Sanofi Pasteur will finance collaborative research activities with Vivalis. In January 2011, Vivalis announced the signature of an agreement to initiate a second antibody discovery programme with Sanofi Pasteur within the framework of this collaboration agreement.

Finally, Vivalis and Singapore Immunology Network (SIgN), an institute of the Agency of Science, Technology and Research (A*STAR), discovered two new fully human monoclonal antibodies that may be used to combat the Chikungunya virus. There currently exists no available vaccine or specific treatment for this disease.

d. Technical audit and milestone review the VIVABIO programme (OSEO funding).

On July 23 2008, Vivalis received a commitment from OSEO (a French organisation that provides assistance and financial support to French SMEs and VSEs) for a funding of €6 million in the form of a grant and repayable loan, as part of the programme for developing comprehensive production processes and the manufacture of clinical batches of vaccines and proteins. This programme is linked to a partnership with Innate Pharma (France) in the field of antibodies and with Geovax (USA) in the field of vaccines. This aid provided through the new strategic industrial innovation support programme of OSEO will be repayable only if the project is successful.

In October 2010, Vivalis notified OSEO that Innate Pharma, one of the partners of the Vivabio programme had discontinued the development of the IPH 4101 product. In response OSEO requested a technical audit of the programme. In early January 2011, an expert was appointed who conducted an audit of the two partners in late January. Following this audit, in May 2011, OSEO accepted that a new partner be included to replace Innate Pharma. The application for the inclusion of this new partner led to a refusal on July 2011. Vivalis is not agreeable with this decision according to the explanation given by OSEO and Vivalis is confirming its decision to pursue this part of the scientific program. Furthermore, following recognition of progress in the programme by OSEO, in July 2011 Vivalis received a new payment of €1.8 million. To date, Vivalis has received €4.7 million of the total funding of €6 million.

4.2 - Changes in the Group structure

Following the dissolution without liquidation of Humalys on 3 January 2011 after the simplified merger transferring all its assets, the Group structure of consolidated operations at 30 June 2011 included Vivalis, Vivalis Toyama Japan and Smol Thérapeutics, both of the latter two created in the 2011 first-half and wholly-owned subsidiaries of Vivalis SA.

4.3- Accounting policies and statement of compliance

Preliminary comments:

Amounts presented in the Group's condensed consolidated financial statements are expressed in thousands of euros, except when indicated otherwise;

The closing date for the condensed consolidated interim financial statements is 30 June of each year. The separate financial statements included in the condensed consolidated financial statements are established on the closing date for the condensed consolidated financial statements, i.e. 30 June and cover the same period.

The condensed consolidated financial statements of 30 June 2011 were established on 24 August 2011 by the Management Board.

Main accounting policies and statement of compliance

In compliance with European regulation 1606 / 2002 of 19 July 2002 adopted by the European Parliament and Council, the financial statements of the Group at 31 December 2009 were prepared in accordance with IFRS (*International Financial Reporting Standards*) as approved by the European Union on the date these financial statements were produced.

IFRSs as adopted by the European Union differs in certain respects with those published by the International Accounting Standards Board (IASB). Nevertheless, the Group has ensured that the financial information presented for the periods presented does not materially differ from financial information presented on the basis of the IASB version of IFRS.

International accounting standards are comprised notably of IFRS (*International Financial Reporting Standards*), IAS (*International Accounting Standards*) as well as SIC (*Standing Interpretations Committee*) and IFRIC (*International Financial Reporting Interpretations Committee*).

The condensed consolidated financial statements for the period ended 30 June 2011 were prepared in accordance with the provisions of IAS 34 on interim financial reporting as adopted by the European Union that authorises the presentation of selected explanatory notes.

As the notes to these financial statements do not include all information required for complete annual financial statements they must consequently be read in conjunction with the 2010 annual financial statements.

All IAS/IFRS standards and interpretations adopted by the European Union may be consulted at the European Commission's website at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

International Financial Reporting Standards (IFRS) applied as of 30 June 2011:

The condensed financial statements have been prepared in accordance with the accounting methods and policies applied by the Group for the annual financial statements of fiscal 2010 (described in note 5.2 of the financial statements of 31 December 2010). The new texts and amendments whose application became mandatory as of 1 January 2011 presented in note 5.2.1 of the consolidated financial statements of 31 December 2010 are not applicable or do not have a material effect on the Group's consolidated financial statements at 30 June 2011.

The Group has not opted to apply in advance those standards and interpretations that were not mandatory effective 1 January 2011.

4.4 - Seasonal business trends

The Group's business is not affected by seasonal factors.

4.5 - Operating segments

Since 2010, Vivalis Group has identified three operating segments for the purpose of analysing its business and results:

- Cell line platform (EB66);
- Platform for the development of small molecules (3DScreen);
- Antibody discovery platform (Viva│screen)

a – Income statement aggregates by segment

(in thousands of euros)	First half		Change (%)
	2011	2010	
Revenue by business sector	**4,688**	**1,770**	**164.8%**
EB66 cell line	3,585	1,585	126.2%
3Dscreen technology			N/A
Humalex/Viva│screen technology	1,103	185	495.9%
Other income by business sector	**1,138**	**1,382**	**-17.7%**
EB66 cell line	786	1,180	-33.4%
3Dscreen technology	182	74	N/A
Humalex/Viva│screen technology	133	37	N/A
Income not attributed to an operating segment	37	91	-59.3%
		0	
Net income/(loss) from continuing operations	**-3,053**	**-4,644**	**-34.3%**
EB66 cell line	166	-1,499	-111.0%
3Dscreen technology	-675	-697	-3.2%
Humalex/Viva│screen technology	-524	-646	N/A
Income not attributed to an operating segment	-2,020	-1,802	12.1%

b – Balance sheet items by operating segment

(in thousands of euros)	***30/06/11***	***EB66***	***3DS***	***Viva│screen***	***Unallocated***	***31/12/10***
Goodwill	341			341		341
Intangible fixed assets	20,499	3,451	1,077	15,933	38	15,158
Property, plant and equipment	13,030	4,569	133	565	7,763	13,085
Non-current financial assets	*320*	-	-	-	*320*	*182*
Other non-current assets	5,143	1,275	244	31	3,593	3,846
Deferred tax assets						
NON-CURRENT ASSETS	**39,334**	**9,295**	**1,454**	**16,870**	**11,714**	**32,612**
Inventories and work in progress	737	512	58	167	-	595
Trade receivables and related accounts	290	106	-	184	-	480
Other current assets	2,820	1,785	135	-	900	3,309
Current financial assets	5,750	-	-	-	5,750	7,755
Deferred tax assets	-	-	-	-	-	
Cash and cash equivalents	30,420	-	-	-	30,420	34,748
CURRENT ASSETS	**40,018**	**2,403**	**193**	**351**	**37,070**	**46,887**
TOTAL ASSETS	**79,352**	**11,698**	**1,647**	**17,221**	**48,784**	**79,499**
Provisions	12	-	-	-	12	17
Provisions for employee commitments	81	30	5	35	11	81
Bank borrowings	6,169	-	-	-	6,169	5,541
Deferred tax liabilities	-	-	-	-	-	
Other non-current liabilities	15,200	4,799	433	7,471	2,497	16,648
NON-CURRENT LIABILITIES	**21,462**	**4,829**	**438**	**7,506**	**8,689**	**22,287**
Provisions	-	-	-	-	-	
Bank borrowings	1,442	-	-	-	1,442	1,257
Trade payables and related accounts	1,097	-	-	-	1,097	867
Tax and employee-related liabilities	1,499				1,499	1,496
Deferred tax liabilities	-	-	-	-	-	
Other current liabilities	12,123	4,922	121	6,456	623	9,304
CURRENT LIABILITIES	**16,160**	**4,922**	**121**	**6,456**	**4,661**	**12,924**
TOTAL CURRENT/NON-CURRENT LIABILITIES	**37,622**	**9,751**	**559**	**13,962**	**13,350**	**35,211**

4.6 – Other information

With respect to interim consolidated financial statements, the method used for the valuation of the 2011 Research Tax Credit (RTC) is based on a calculation of the fiscal 2011 year-end value according to estimated inflows of grants and repayable loans. 50% of this amount then applied to the interim financial statements ending 30 June 2011, with the expenses on which the RTC is based estimated on a straight-line basis over the full year period.

Otherwise, there have been no other changes in presentation, accounting methods or estimates in relation to 31 December 2010.

4.7 - NOTES TO THE BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS

4.7.1 - Net intangible fixed assets

a. Change from 1 January 2011 to 30 June 2011

In thousands of euros	At 1 January 2011	Changes in the period					At 30 June 2011
		Increase			Decrease	Change in Group structure	
		Total	internally generated	separately acquired			
Development expenditure	6,915	37	37				6,952
Acquired technology	11,067	6,046		6,046			17,113
Concessions, patents and licenses	462	9		9			471
Intangible assets in progress	0	0					0
Gross intangible fixed assets	**18,444**	**6,092**	**37**	**6,055**	**0**	**0**	**24,536**
Development expenditure (1)	2,238	279	279				2,517
Acquired technology	738	442		442			1,180
Concessions, patents and licenses	310	29		29			339
Total amortisation and impairment	**3,286**	**750**	**279**	**471**	**0**	**0**	**4,036**
Net intangible fixed assets	**15,158**	**5,342**	**-242**	**5,584**	**0**	**0**	**20,500**
(1) of which depreciation	149	0	0	0	0	0	149

b. Change from 1 January 2010 to 31 December 2010

In thousands of euros	At 1 January 2010	Changes in the period					At 31 December 2010
		Increase			Decrease	Change in Group structure	
		Total	internally generated	separately acquired			
Development expenditure	6,725	190	190	0			6,915
Acquired technology	0	11,067		11,067			11,067
Concessions, patents and licenses	398	61		61	0	3	462
Intangible assets in progress	0	0		0	0		0
Gross intangible fixed assets	**7,123**	**11,318**	**190**	**11,128**	**0**	**3**	**18,444**
Development expenditure (1)	1,692	546	546	0		0	2,238
Acquired technology	0	738		738			738
Concessions, patents and licenses	252	55	0	55		3	310
Total amortisation and impairment	**1,944**	**1,339**	**546**	**793**	**0**	**3**	**3,286**
Net intangible fixed assets	**5,179**	**9,979**	**-356**	**10,335**	**0**	**0**	**15,158**
(1) of which depreciation	149	0	0	0	0	0	149

4.7.2 - Net property, plant and equipment

a. Change from 1 January 2011 to 30 June 2011

In thousands of euros	At 1 January 2011	Changes in the period				At 30 June 2011
		Increase	Decrease	Change in Group structure	Other changes	
Land	1,010	1				1,011
Buildings on own land	4,672	2				4,674
Buildings on land of third parties	28					28
Building installations and improvements	3,862	17				3,879
Plant, machinery and equipment (1)	6,797	413				7,210
General installations, miscellaneous improvements	517	14				531
Vehicles	27	0				27
Office, IT equipment, furniture	733	25				758
Recoverable packaging	5					5
Tangible fixed assets under construction	13	265				278
Prepayments	0	15				15
Gross intangible fixed assets	**17,664**	**752**	**0**	**0**	**0**	**18,416**
Land	52	18				70
Buildings on own land	462	102				564
Buildings on land of third parties	16	1				17
Building installations and improvements	849	146				995
Plant, machinery and equipment	2,754	465				3,219
General installations, miscellaneous improvements	81	22				103
Vehicles	18	5				23
Office, IT equipment, furniture	342	48				390
Recoverable packaging	5	0				5
Total depreciation and amortisation	**4,579**	**807**	**0**	**0**	**0**	**5,386**
Impairment	0	0	0	0	0	0
Net intangible fixed assets	**13,085**	**-55**	**0**	**0**	**0**	**13,030**

(1): of which for biomanufacturing materials

b. Change from 1 January 2010 to 31 December 2010

In thousands of euros	**At 1 January 2010**	**Changes in the period**				**At 31 December 2010**
		Increase	**Decrease**	**Change in Group structure**	**Other changes**	
Land	732	278				1,010
Buildings on own land	1,660	3,012				4,672
Buildings on land of third parties	108		-80			28
Building installations and improvements	1,470	2,392				3,862
Plant, machinery and equipment (1)	5,255	1,433	-5	114		6,797
General installations, miscellaneous improvements	498	19				517
Vehicles	36	13	-22			27
Office, IT equipment, furniture	451	244	-1	39		733
Recoverable packaging	5					5
Tangible fixed assets under construction	1,819	4,253			-6,059	13
Prepayments	12	**0**			-12	0
Gross intangible fixed assets	**12,046**	**11,644**	**-108**	**153**	**-6,071**	**17,664**
Land	31	21				52
Buildings on own land	316	146				462
Buildings on land of third parties (2)	87	7	-78			16
Building installations and improvements	637	212				849
Plant, machinery and equipment	1,932	811	-2	13		2,754
General installations, miscellaneous improvements	42	39				81
Vehicles	36	4	-22			18
Office, IT equipment, furniture	235	96	-1	12		342
Recoverable packaging	4	1		0		5
Total depreciation and amortisation	**3,320**	**1,337**	**-103**	**25**	**0**	**4,579**
Impairment	0	0	0	0	0	0
Net intangible fixed assets	**8,726**	**10,307**	**-5**	**128**	**-6,071**	**13,085**
(1): of which for biomanufacturing materials						
(2): of which depreciation	45	0	-45			0

4.7.3 - Other non-current assets

In thousands of euros	At 30 June 2011	At 31 December 2010
Income tax and RTC	2,955	2,117
VAT	40	0
Grants	2,097	1,725
Personnel and related accounts	4	4
Prepaid expenses (non-current portion)	47	0
Other non-current assets	**5,143**	**3,846**

In thousands of euros	At 30 June 2011	At 31 December 2010
2010 RTC	2,117	2,117
2011 RTC	838	0
Business tax rebate	0	0
Corporate income and business tax (non-current portion)	**2,955**	**2,117**

At 30 June 2011, receivables in respect of grants and reimbursable loans break down as follows:

In thousands of euros	Allocated	Paid	Balance	o.w. non-current portion	o.w. current portion
OSEO (2006)	100	30	70	70	0
MINEFI (2006)	954	954	0	0	0
REGION (2007)			0	0	0
REGION (2008)	231	231	0	0	0
DIACT (2008)	550	220	330	330	0
ANR(2010)	541	162	379	244	135
REGION (2009)	894	894	0	0	0
OSEO (2009)	6,016	2,956	3,060	1275	1785
NANTES (2009)	894	358	536	178	358
DEPT 44 (2009)	87	44	43	0	43
Other	27	27	0	0	0
Total grants (non-current portion)	**10,294**	**5,876**	**4,418**	**2,097**	**2,321**

At 31 December 2010, receivables in respect of grants break down as follows:

In thousands of euros	Allocated	Paid	Balance	o.w. non-current portion	o.w. current portion
OSEO (2006)	100	30	70	70	0
MINEFI (2006)	954	954	0	0	0
REGION (2007)			0	0	0
REGION (2008)	231	231	0	0	0
DIACT (2008)	550	220	330	330	0
ANR(2010)	541	162	379	244	135
REGION (2009)	894	894	0	0	0
OSEO (2009)	6,016	2,956	3,060	903	2157
NANTES (2009)	894	358	536	178	358
DEPT 44 (2009)	87	44	43	0	43
Other	27	26	1	0	1
Total grants (non-current portion)	**10,294**	**5,875**	**4,419**	**1,725**	**2,694**

4.7.4 - Trade receivables and related accounts

a. At 30 June 2011

In thousands of euros	**Gross**	**Impairment**	**Net**
Trade receivables	288		288
Doubtful trade receivables	0	0	0
Trade receivables – sales invoice accruals	2		2
Total	**290**	**0**	**290**

b. At 31 December 2010

In thousands of euros	**Gross**	**Impairment**	**Net**
Trade receivables	386		386
Doubtful trade receivables	0	0	0
Trade receivables – sales invoice accruals	94		94
Total	**480**	**0**	**480**

4.7.5. Other current assets

In thousands of euros	**At 30 June 2011**	**At 31 December 2010**
Income tax, business tax and RTC	0	4
VAT	222	351
Grants	2,321	2,694
Social security and related receivables	5	44
Sundry debtors	43	70
Prepaid expenses	229	146
Total other current assets	**2,820**	**3,309**

In thousands of euros	**At 30 June 2011**	**At 31 December 2010**
2009 RTC		
2010 RTC		
2011 RTC		
Miscellaneous tax reductions	0	4
Total corporate income and RTC receivables (current portion)	**0**	**4**

At 30 June 2011, receivables in respect of grants and reimbursable loans break down as follows:

In thousands of euros	**Allocated**	**Paid**	**Balance**	current portion
OSEO (2006)	100	30	70	0
MINEFI (2006)	954	954	0	0
REGION (2007)			0	0
REGION (2008)	231	231	0	0
DIACT (2008)	550	220	330	0
ANR(2010)	541	162	379	135
REGION (2009)	894	894	0	0
OSEO (2009)	6,016	2,956	3,060	1785
NANTES (2009)	894	358	536	358
DEPT 44 (2009)	87	44	43	43
Other	27	27	0	0
Total grants (current portion)	**10,294**	**5,876**	**4,418**	**2,321**

At 31 December 2010, receivables in respect of grants break down as follows:

In thousands of euros	**Allocated**	**Paid**	**Balance**	current portion
OSEO (2006)	100	30	70	0
MINEFI (2006)	954	954	0	0
REGION (2007)			0	0
REGION (2008)	231	231	0	0
DIACT (2008)	550	220	330	0
ANR(2010)	541	162	379	135
REGION (2009)	894	894	0	0
OSEO (2009)	6,016	2,956	3,060	2157
NANTES (2009)	894	358	536	358
DEPT 44 (2009)	87	44	43	43
Other	27	26	1	1
Total grants (current portion)	**10,294**	**5,875**	**4,419**	**2,694**

4.7.6 - <u>Current financial assets</u>

In thousands of euros	**At 30 June 2011**	**At 31 December 2010**
Marketable securities pledged	4,750	6,750
Negotiable certificates of deposit	1,000	1,005
Total current financial assets	**5,750**	**7,755**

In thousands of euros	**At 1 January 2011**	**Changes in the period**			**At 30 June 2011**
		Acquisitions	**Disposals**	**Other changes**	
Marketable securities pledged	6,750	0	0	-2,000	4,750
Negotiable certificates of deposit	1,005	1,000	-1,000	-5	1,000
Total	**7,755**	**1,000**	**-1,000**	**-2,005**	**5,750**

In thousands of euros	**At 1 January 2010**	**Changes in the period**			**At 31 December 2010**
		Acquisitions	**Disposals**	**Other changes**	
Marketable securities pledged	0			6,750	6,750
Negotiable certificates of deposit	0	1,005	0		1,005
Total	**0**	**1,005**	**0**	**6,750**	**7,755**

4.7.7 - Net cash flow

a. Cash flow items

In thousands of euros	**At 30 June 2011**	**At 31 December 2010**
Cash at bank and in hand	**16,780**	**18,793**
Cash equivalents	**13,640**	**15,955**
Open-ended investment funds (SICAV)	*8,007*	*10,353*
Mutual funds	*5,633*	*5,602*
Cash assets	**30,420**	**34,748**
Bank facilities	200	2
Net cash flow	**30,220**	**34,746**

b. Cash equivalents

*** Change from 1 January 2011 to 30 June 2011**

		Changes in the period				
In thousands of euros	**At 1 January 2011**	**Acquisitions**	**Disposals**	**Change in Group structure**	**Other changes**	**At 30 June 2011**
Open-ended investment fund (SICAV)	10,353	10,077	-14,458		2,035	8,007
Mutual funds	5,602	1,002	-1,002		31	5,633
TOTAL	**15,955**	**11,079**	**-15,460**	**0**	**2,066**	**13,640**

*** Change from 1 January 2010 to 31 December 2010**

		Changes in the period				
In thousands of euros	**At 1 January 2010**	**Acquisitions**	**Disposals**	**Change in Group structure**	**Other changes**	**At 31 December 2010**
Open-ended investment fund (SICAV)	11,625	40,518	-35,074	30	-6,746	10,353
Mutual funds	5,863	15,239	-15,500			5,602
TOTAL	**17,488**	**55,757**	**-50,574**	**30**	**-6,746**	**15,955**

c. Composition of cash and cash equivalents at 30 June 2011

BANK	NAME	CATEGORY	ISIN	AMOUNT	CLASSIFICATION	OBJECTIVES	COMPOSITION/INVESTMENT STRATEGY	RISKS	MATURITY	CATEGORY
1 CM-CIC ASSET MANAGEMENT	UNION CASH	Mutual fund	FR0000979825	992,510	Euro money market	Achieve a performance equal to the money market (EONIA mathematical average) less actual management costs. The funds apply an active management style to achieve a performance equal to the money market in market risk conditions comparable to those of its benchmark, while respecting the objective of achieving regular growth in net asset value.	The management strategy focuses mainly on investments in negotiable debt securities and bonds in a euro money market benchmark. There is no equity risk exposure. No FOREX risk in the home € zone.	Interest rate risk. Credit risk. Accessorily, capital loss risk	Minimum recommended investment period: 7 days	Cash equivalents
2 Crédit Agricole-LCL	AMUNDI TRESO EONIA	Mutual fund	FR0007435920	2,146,821	Euro money market	Provide investors with a return that outperforms the EONIA compounded less actual management fees.	The fund universe is focused on money market instruments and bonds.	Credit risk. Interest rate risk. Accessorily, capital loss risk	Minimum recommended investment period: 1 day.	Cash equivalents
3 CM-CIC ASSET MANAGEMENT	OCEAN TRESORERIE	Mutual fund	FR0007045877	1,002,325	Euro money market	The management objective is comparable to the master fund, i.e. achieve a performance equal to the money market (EONIA mathematical average) less actual management costs. The master fund applies an active management style to achieve a performance equal to the money market in market risk conditions comparable to those of its benchmark, while respecting the objective of achieving regular growth in net asset value.	The fund is fully invested at all times in the master UCITS fund, GEMAST MONETAIRE, and accessorily in liquid holdings. The master fund focuses mainly on investments in negotiable debt securities and bonds in a euro money market benchmark. There is no equity risk exposure. No FOREX risk in the home € zone.	Credit risk. Interest rate risk. Accessorily, capital loss and counterparty risks	Minimum recommended investment period: More than 7 years	Cash equivalents
4 NATIXIS	NATIXIS CASH EONIA	Mutual fund	FR0007084926	1,460,104	Euro money market	The fund's objective is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees, with the steadiest performance possible.	The major portion of the portfolio is comprised of short and medium term debt securities and equivalent instruments mainly of corporate issuers with a minimum long-term rating of BBB - or Baa3.	Credit risk. Interest rate risk. Accessorily, counterparty and tax risks	Minimum recommended investment period: a few days to a few weeks	Cash equivalents
5 Banque privée 1818	ABSOLU VEGA	Open-ended i	FR0000298457	2,507,501	Euro money market	The fund's objective is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees.	The open-ended investment fund (SICAV) is comprised mainly of debt securities, bonds and interest-rate instruments issued by public and/or corporate issuers as well as monetary instruments.	Credit risk. Interest rate risk. Capital loss risk Specific ABS and MBS risks	Minimum recommended investment period: 1 day to 3 months	Cash equivalents
6a Crédit Agricole	SEQUIN	Open-ended i	FR0010114108	3,301,732	Euro money market	A dynamic money market funds seeking to achieve a performance over the recommended investment period equal to the EONIA-OIS compounded, less actual management fees corresponding to a return on investment at the EONIA rate as updated each business day.	Investments in fixed income securities. To achieve a performance approaching the regular returns of the money market, interest rate is systematically hedged for maturities exceeding 3 months.	Credit risk, interest rate risk, capital loss risk.	Minimum recommended investment period: 1 week.	Cash equivalents
6b Crédit Agricole	SEQUIN	Open-ended i	FR0010114108	4,750,000	Euro money market	A dynamic money market funds seeking to achieve a performance over the recommended investment period equal to the EONIA-OIS compounded, less actual management fees corresponding to a return on investment at the EONIA rate as updated each business day.	***Investment pledged in guarantee of the loan granted by the seller (crédit vendeur) until 27/02/2011***	Credit risk, interest rate risk, capital loss risk.	Minimum recommended investment period: 1 week.	Current financial assets
7 NATIXIS	NATIXIS TRESO EURIBOR 3 MOIS	Open-ended i	FR0000293714	2,157,711	Euro money market	The objective of the open-ended investment fund (SICAV) is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees relating to each class of shares, with the steadiest performance possible. These maximum management fees are included within a range of 0.20% to 0.50%, according to the class of shares.	The major portion of the portfolio is comprised of short and medium term debt securities and equivalent instruments mainly of corporate issuers with a minimum long-term rating of BBB - or Baa3.	Credit risk, interest rate risk, specific ABS and MBS risks. Accessorily, counterparty and tax risks	Minimum recommended investment period: 3 months.	Cash equivalents
8 Caisse d'Epargne	Certificate of deposit	NCD	N/A	1,000,000	Negotiable certificate of deposit	Fixed rate - accrued interest (1.93%)		CEP Bretagne Pays de Loire establishment risk	9 month - maturing at 10/02/2012	Current financial assets
10 Crédit Agricole	DAT Entreprise 3 ans	Time deposit		2,000,000	Fixed term deposit	Fixed rate - accrued interest (3.06%)		CRCA Anjou Maine establishment risk	26/02/2011	Cash equivalents
11 Crédit Agricole	DAT Entreprise 2 ans	Time deposit		5,000,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Anjou Maine establishment risk	29/07/2012	Cash equivalents
12 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		1,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk	02/07/2012	Cash equivalents
13 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		1,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk	02/07/2012	Cash equivalents
14 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		5,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk	29/07/2013	Cash equivalents
15 Crédit Mutuel Anjou	2-year time deposit account	Time deposit		1,000,000	Fixed term deposit	Fixed rate - accrued interest		Crédit Mutuel Anjou establishment risk	29/07/2012	Cash equivalents
16 Crédit Mutuel Anjou	2-year time deposit account	Time deposit		1,000,000	Fixed term deposit	Fixed rate - accrued interest		Crédit Mutuel Anjou establishment risk	29/07/2012	Cash equivalents
17 Crédit Agricole CENTRE EST	DAT Entreprise 3 ans	Time deposit		100,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk	24/04/2012	Cash equivalents
18 Crédit Agricole CENTRE EST	DAT Sérénité 5 ans	Time deposit		200,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk	24/02/2014	Cash equivalents
19 Crédit Agricole CENTRE EST	DAT Sérénité 5 ans	Time deposit		160,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk	13/01/2014	Cash equivalents
Accrued interest on NCD		NCD		0	Negotiable certificate of deposit	Fixed rate - accrued interest				Current financial assets
Accrued interest on time deposits		Time deposit		324,581	Fixed term deposit	Fixed and progressive rate - accrued interest				Cash equivalents
Cash at bank & in hand	Cash at bank & in hand	Cash at bank & in hand		-103,033	Cash at bank & in hand					Cash

Mutual fund	5,601,760
Open-ended investment	12,716,944
NCD	1,000,000
Time deposit	16,784,581
Cash at bank & in hand	-103,033
	36,000,253

Current financial assets	5,750,000
Cash equivalents	30,353,285
Cash	-103,033
	36,000,253

d. Composition of cash and cash equivalents at 31 December 2010

BANK	NAME	CATEGORY	ISIN	AMOUNT	CLASSIFICATION	OBJECTIVES	COMPOSITION/INVESTMENT STRATEGY	RISKS	VOLATILITY 1 yr. (at 14/02/2010)	MATURITY	CATEGORY
1 CM-CIC ASSET MANAGEMENT	UNION CASH	Mutual fund	FR0000979825	992,510	Euro money market	Achieve a performance equal to the money market (EONIA mathematical average) less actual management costs. The funds apply an active management style to achieve a performance equal to the money market in market risk conditions comparable to those of its benchmark, while respecting the objective of achieving regular growth in net asset value.	The management strategy focuses mainly on investments in negotiable debt securities and bonds in a euro money market benchmark. There is no equity risk exposure. No FOREX risk in the home € zone.	Interest rate risk. Credit risk. Accessorily, capital loss risk	0.07	Minimum recommended investment period: 7 days	Cash equivalents
2 Crédit Agricole-LCL	AMUNDI TRESO EONIA	Mutual fund	FR0007435920	2,146,821	Euro money market	Provide investors with a return that outperforms the EONIA compounded less actual management fees.	The fund universe is focused on money market instruments and bonds.	Credit risk. Interest rate risk. Accessorily, capital loss risk	0.05	Minimum recommended investment period: 1 day.	Cash equivalents
3 CM-CIC ASSET MANAGEMENT	OCEAN TRESORERIE	Mutual fund	FR0007045877	1,002,325	Euro money market	The management objective is comparable to the master fund, i.e. achieve a performance equal to the money market (EONIA mathematical average) less actual management costs. The master fund applies an active management style to achieve a performance equal to the money market in market risk conditions comparable to those of its benchmark, while respecting the objective of achieving regular growth in net asset value.	The fund is fully invested at all times in the master UCITS fund, GEMAST MONETAIRE, and accessorily in liquid holdings. The master fund focuses mainly on investments in negotiable debt securities and bonds in a euro money market benchmark. There is no equity risk exposure. No FOREX risk in the home € zone.	Credit risk. Interest rate risk. Accessorily, capital loss and counterparty risks	0.06	Minimum recommended investment period: More than 7 years	Cash equivalents
4 NATIXIS	NATIXIS CASH EONIA	Mutual fund	FR0007084926	1,460,104	Euro money market	The fund's objective is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees, with the steadiest performance possible.	The major portion of the portfolio is comprised of short and medium term debt securities and equivalent instruments mainly of corporate issuers with a minimum long-term rating of BBB - or Baa3.	Credit risk. Interest rate risk. Accessorily, counterparty and tax risks	0.05	Minimum recommended investment period: a few days to a few weeks	Cash equivalents
5 Banque privée 1818	ABSOLU VEGA	Open-ended i	FR0000298457	2,507,501	Euro money market	The fund's objective is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees.	The open-ended investment fund (SICAV) is comprised mainly of debt securities, bonds and interest-rate instruments issued by public and/or corporate issuers as well as monetary instruments.	Credit risk. Interest rate risk. Capital loss risk Specific ABS and MBS risks	0.05	Minimum recommended investment period: 1 day to 3 months	Cash equivalents
6a Crédit Agricole	SEQUIN	Open-ended i	FR0010114108	5,688,220	Euro money market	A dynamic money market funds seeking to achieve a performance over the recommended investment period equal to the EONIA-OIS compounded, less actual management fees corresponding to a return on investment at the EONIA rate as updated each business day.	Investments in fixed income securities. To achieve a performance approaching the regular returns of the money market, interest rate is systematically hedged for maturities exceeding 3 months.	Credit risk, interest rate risk, capital loss risk.	0.04	Minimum recommended investment period: 1 week.	Cash equivalents
6b Crédit Agricole	SEQUIN	Open-ended i	FR0010114108	6,750,000	Euro money market	A dynamic money market funds seeking to achieve a performance over the recommended investment period equal to the EONIA-OIS compounded, less actual management fees corresponding to a return on investment at the EONIA rate as updated each business day.	***Investment pledged in guarantee of the loan granted by the seller (crédit vendeur) until 27/02/2011***	Credit risk, interest rate risk, capital loss risk.	0.04	Minimum recommended investment period: 1 week.	Current financial assets
7 NATIXIS	NATIXIS TRESO EURIBOR 3 MOIS	Open-ended i	FR0000293714	2,157,711	Euro money market	The objective of the open-ended investment fund (SICAV) is to achieve NAV growth ourperforming the euro interbank overnight rate (EONIA) less management fees relating to each class of shares, with the steadiest performance possible. These maximum management fees are included within a range of 0.20% to 0.50%, according to the class of shares.	The major portion of the portfolio is comprised of short and medium term debt securities and equivalent instruments mainly of corporate issuers with a minimum long-term rating of BBB - or Baa3.	Credit risk, interest rate risk, specific ABS and MBS risks. Accessorily, counterparty and tax risks	0.05	Minimum recommended investment period: 3 months.	Cash equivalents
8 Caisse d'Epargne	Certificate of deposit	NCD	N/A	1,000,000	Negotiable certificate of deposit	Fixed rate - accrued interest		CEP Bretagne Pays de Loire establishment risk		9 month - maturing at 29/04/2011	Current financial assets
9 Crédit Agricole	DAT Entreprise 2 ans	Time deposit		2,000,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Anjou Maine establishment risk		26/02/2011	Cash equivalents
10 Crédit Agricole	DAT Entreprise 2 ans	Time deposit		2,000,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Anjou Maine establishment risk		26/02/2011	Cash equivalents
11 Crédit Agricole	DAT Entreprise 2 ans	Time deposit		5,000,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Anjou Maine establishment risk		29/07/2012	Cash equivalents
12 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		1,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk		02/07/2012	Cash equivalents
13 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		1,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk		02/07/2012	Cash equivalents
14 Caisse d'Epargne	DAT Captio Prestance 3 ans	Time deposit		5,000,000	Fixed term deposit	Progressive rate - accrued interest		CEP Bretagne Pays de Loire establishment risk		29/07/2013	Cash equivalents
15 Crédit Mutuel Anjou	2-year time deposit account	Time deposit		1,000,000	Fixed term deposit	Fixed rate - accrued interest		Crédit Mutuel Anjou establishment risk		29/07/2012	Cash equivalents
16 Crédit Mutuel Anjou	2-year time deposit account	Time deposit		1,000,000	Fixed term deposit	Fixed rate - accrued interest		Crédit Mutuel Anjou establishment risk		29/07/2012	Cash equivalents
17 Crédit Agricole CENTRE EST	DAT Entreprise 3 ans	Time deposit		100,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk		24/04/2012	Cash equivalents
18 Crédit Agricole CENTRE EST	DAT Sérénité 5 ans	Time deposit		200,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk		24/02/2014	Cash equivalents
19 Crédit Agricole CENTRE EST	DAT Sérénité 5 ans	Time deposit		160,000	Fixed term deposit	Progressive rate - accrued interest		CRCA Centre Est establishment risk		13/01/2014	Cash equivalents
Accrued interest on NCD		NCD		5,382	Negotiable certificate of deposit	Fixed rate - accrued interest					Current financial assets
Accrued interest on time deposits		Time deposit		327,607	Fixed term deposit	Fixed and progressive rate - accrued interest					Cash equivalents
Cash at bank & in hand	Cash at bank & in hand	Cash at bank & in hand		5,687	Cash at bank & in hand						Cash

Mutual fund	5,601,760		
Open-ended investment fund (SICAV)	17,103,432	Current financial assets	7,755,382
NCD	1,005,382	Cash equivalents	34,742,799
Time deposit	18,787,607	Cash	5,687
Cash at bank & in hand	5,687		**42,503,868**
	42,503,868		

4.7.8 - Bank borrowings

In thousands of euros		At 30 June 2011	At 31 December 2010
CA 1000 of 31/01/05	3-month Euribor floating rate + 0.65%	376	426
CA 800 of 31/12/2009	3-month Euribor floating rate +1.10%	681	721
CM 890 of 31/01/2005	3-month Euribor floating rate + 0.60%	335	379
CM 450 of 16/06/2005	3-month Euribor floating rate + 0.50%	64	96
CM 400 of 25/04/2006	3.60% fixed rate	115	144
CM 400 of 10/08/2007	3-month Euribor floating rate + 0.70%	186	215
CM 1200 of 08/08/08	5.45% fixed rate	788	869
CM 600 of 23/12/2009	3-month Euribor floating rate +1.25%	511	541
CM 1,030 of 18/06/2010	2.70 % fixed rate	885	959
CM 1,200 of 05/05/2011	3-month Euribor floating rate +0.70%	1,203	0
CE 940 of 10/01/2005	CODEVI + 1% floating rate	393	442
CE 250 of 20/04/2006	CODEVI + 0.90% floating rate	78	97
CE 400 of 10/08/2007	3-month Euribor floating rate + 0.70%	203	232
CE 300 of 25/07/08	5.40% fixed rate	237	230
CE 600 of 23/12/2009	1-month Euribor floating rate +1.20%	510	540
LCL 500 of 23/12/2009	1-month Euribor floating rate +1.25%	425	450
LCL 470 of 30/07/2010	3-month Euribor floating rate + 0.80%	421	455
Current bank facilities, bank credit balances		200	2
Total		**7,611**	**6,798**
- current portion		1,642	1,257
- non-current portion		5,969	5,541

a. At 30 June 2011

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		7,611	1,642	4,520	1,449
of which loans secured during the period	*1,200*				
of which loans repaid in the period	*593*				

b. At 31 December 2010

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		6,798	1,257	4,203	1,398
of which loans secured during the period	*1,500*				
of which loans repaid in the period	*1,091*				

No covenants exist under loans used to finance a portion of the work related to the construction of the laboratories of Vivalis and their equipment.

An allocation agreement with respect to an interest rate swap was established on 11 June 2010 between Grimaud Group and Vivalis, following the conclusion by Grimaud Group and Crédit Agricole Corporate and Investment Bank of an interest rate swap agreement for three years.

Pursuant to this allocation agreement, for Vivalis, the amount hedged was €2,204,000 at 30 June 2010 (date of the first application of the contract), €1,856,000 at 30 June 2011 and €1,479,000 at 30 June 2012.

Crédit Agricole Corporate and Investment Bank (CACIB) will apply every quarter the three month EURIBOR to the hedged base and Vivalis will pay 1.31% of the hedged base.

4.7.9 - Other non-current and current liabilities

In thousands of euros	Non current portion		Current portion	
	At 30 June 2011	**At 31 December 2010**	**At 30 June 2011**	**At 31 December 2010**
Investment grants	924	1,034	121	187
Subordinated grants	4,379	4,558	179	0
Research services (deferred income)	0	0	0	270
Up-front and milestones payments	3,320	4,344	5,313	5,056
Operating grants (deferred income)	860	815	310	472
Amounts payable on fixed assets	2,017	0	3,346	564
Debt on the acquisition of a subsidiary	3,700	5,897	2,843	2,728
Other trade payables		0	10	27
Total other liabilities	**15,200**	**16,648**	**12,122**	**9,304**

a. Investment grants

In thousands of euros	**MENRT 04G608**	**REGION NANTES**	**MINEFI 6075**	**REGION EPF**
Amount granted	441	500	954	111
Grant date	5 January 2005	13 September 2005	11 August 2006	12 October 2006
Net amount at 01/01/2007	**441**	**446**	**954**	**111**
Grant for 2007	0	0	0	0
Reclassifications into operating grants (1)	-236	0	-828	0
Grant transferred to 2007 net income	-23	-75	0	0
Net amount at 31/12/2007	**182**	**371**	**126**	**111**
Grant for 2008	0	0	0	0
Reclassifications into operating grants	0	0	0	0
Grant transferred to 2008 net income	-21	-75	0	-5
Net amount at 31/12/2008	**161**	**296**	**126**	**106**
Grant for 2009	0	0	0	0
Grant transferred to 2009 net income	-20	-69	0	-10
Net amount at 31/12/2009	**141**	**227**	**126**	**96**
Grant for 2010				
Grant transferred to 2010 net income	-20	-65	0	-11
Net amount at 31/12/2010	**121**	**162**	**126**	**85**
Grant for 2011				
Reclassifications into operating grants				
Grant transferred to 2011 net income	-10	-31	0	-5
Net amount at 30 June 2011	**111**	**131**	**126**	**80**

b. Operating grants recognised under deferred income

In thousands of euros	**DATAR**	**ANVAR**	**MINEFI**	**DIACT**	**REGION**	**OSEO**	**ANR**	**Other**	**TOTAL**	**current portion**	**non-current portion**
Amount granted	441	100	954	550	610	2,690					
Deferred income at 01/01/2007	**308**	**100**	**0**	**0**	**72**				**480**		
Reclassifications into investment grants			829						829		
Grant for 2007	0	0	0	0	274				274		
Grant transferred to 2007 net income	-110	-5	-143	0	-222				-480		
Net amount at 31/12/2007	**198**	**95**	**686**	**0**	**124**				**1,103**	**435**	**668**
Grant for 2008	0	0	0	550	115				665		
Reclassifications into operating grants	0	0	0	0	0				0		
Grant transferred to 2008 net income	-88	-25	-311	0	-209				-633		
Net amount at 31/12/2008	**110**	**70**	**375**	**550**	**30**				**1,135**	**350**	**785**
Grant for 2009	0	0	0	0	0	2,690			2,690		
Reclassifications into operating grants	0	0	0	0	0				0		
Grant transferred to 2009 net income	-110	0	-375	-30	-30	-1,569			-2,114		
Net amount at 31/12/2009	**0**	**70**	**0**	**520**	**0**	**1,121**			**1,711**	**711**	**1000**
Grant for 2010							541	29	570		
Grant transferred to 2010 net income	0	0	0	-160	0	-718	-87	-28	-993		
Net amount at 31/12/2010	**0**	**70**	**0**	**360**	**0**	**403**	**454**	**0**	**1,287**	**472**	**815**
Grant for 2011								4	4		
Reclassifications into investment grants						116			116		
Grant transferred to 2011 net income	0	0	0	0	0	-187	-47	-4	-238		
Net amount at 30 June 2011	**0**	**70**	**0**	**360**	**0**	**333**	**407**	**0**	**1,170**	**310**	**860**

4.7.10 - Trade payables and related accounts

In thousands of euros	At 30 June 2011	At 31 December 2010
Operating payables	586	504
Notes payable	18	19
Operating payables – purchase invoice accruals	493	344
Total	**1,097**	**867**

4.7.11- Tax and employee-related liabilities

In thousands of euros	At 30 June 2011	At 31 December 2010
VAT due	39	69
Other tax payables	128	73
Wages and salaries	590	536
Social security charges	742	818
Total tax and employee-related liabilities	**1,499**	**1,496**

4.7.12 - Revenue

In thousands of euros	For the period ended 30 June 2011	For the period ended 30 June 2010
Research services	830	507
Licensing income	3,858	1,263
Total	**4,688**	**1,770**

In thousands of euros	For the period ended 30 June 2011	For the period ended 30 June 2010
Sales in France	1,729	321
Export sales	2,959	1,449
Total	**4,688**	**1,770**

4.7.13 - Operating grants

In thousands of euros	For the period ended 30 June 2011	For the period ended 30 June 2010
ANRT	0	7
Pays de Loire Region	0	0
MINEFI	0	-106
DIACT	0	30
OSEO	187	286
ANR	47	43
Other	4	13
Subtotal of operating grants	**238**	**273**
Other grants	60	89
Total	**298**	**363**

4.7.14 - Other income

In thousands of euros	**For the period ended 30 June 2011**	**For the period ended 30 June 2010**
Research tax credits	802	858
Family tax credit	0	1
Reversal of provisions for doubtful trade receivables	0	14
Total	**802**	**873**

4.7.15 - Depreciation and amortisation, provisions and impairment

In thousands of euros	**For the period ended 30 June 2011**	**For the period ended 30 June 2010**
Amortisation of intangible fixed assets	751	299
Depreciation of property, plant and equipment	807	549
Impairment of intangible fixed assets	0	0
For current assets	0	0
Provisions for pension liabilities	0	28
Provisions for contingencies	0	12
Total allowances for depreciation and amortisation, provisions and impairment	**1,558**	**888**

4.7.16 - Earnings per share

		For the period ended 30 June 2011	**For the period ended 30 June 2010**
Basic net loss (in thousands of euros)	(a)	-3,072	-5,924
Number of ordinary shares at the beginning of the period:		20,993,647	14,799,131
- Capital increases (weighted average number)		13,167	19,445
- Treasury shares (weighted average number)		36,690	21,140
Weighted average number of shares in the period:	(b)	21,043,504	14,839,716
Basic net earnings per share (in euros)	**(a) / (b)**	**-0.15**	**-0.40**

4.8 – Information concerning related parties

No new related-party agreements were concluded between Vivalis and its parent company or its subsidiaries.

4.9 – Commitments and contingent liabilities

With the exception of a €1.1 million three-year purchase commitment with a supplier no material commitments or contingent liabilities have been incurred in relation to 31 December 2010.

4.10 – Subsequent events

In October 2010, Vivalis notified OSEO that Innate Pharma, one of the partners of the Vivabio programme had discontinued the development of the IPH 4101 product. In response OSEO requested a technical audit of the programme. In early January 2011, an expert was appointed who conducted an audit of the two partners in late January. Following this audit, in May 2011, OSEO accepted that a new partner be included to replace Innate Pharma. The application for the inclusion of this new partner led to a refusal on July 2011. Vivalis is not agreeable with this decision according to the explanation given by OSEO and Vivalis is confirming its decision to pursue this part of the scientific program. Furthermore, following recognition of progress in the programme by OSEO, in July 2011 Vivalis received a new payment of €1.8 million. To date, Vivalis has received €4.7 million of the total funding of €6 million.