

**Sustained momentum drives strong growth in the 2011 first-half**

**Revenue: +165%**

**Consolidated cash at June 30, 2011: €36m**

**Nantes & Lyon (France) – July 21, 2011:** VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company, announced revenue (IFRS) for the 2011 first half of €4.7 million, an increase of +165% from last year's first half with a consolidated cash position of €36 million at June 30, 2011.

**Sharp increase in revenue in the first half**

(in € thousands - IFRS)	Q2			H1		
	2010	2011	Change (%)	2010	2011	Change (%)
Revenue from services	468	353	-25%	507	830	+64%
Licensing income (upfront & milestones payments)	703	2,478	+252%	1,263	3,858	+205%
<b>Revenue</b>	1,171	2,831	<b>+142%</b>	1,770	4,688	<b>+165%</b>

First-half revenue for 2011, including payment for services and licensing income was up 165% from the same period in 2010. This included acceleration in the 2011 second quarter with revenue gaining an additional 52% on the first quarter.

For the first six months, revenue from services grew 64%, up from €0.5 million in the 2010 first-half to €0.8 million for the same period in 2011 driven mainly by services for the discovery of antibodies.

Licensing income for the same period that includes upfront and milestone payments was up 205%, reflecting mainly commercial and scientific developments achieved by the company.

This increase also includes exceptional items linked to a new milestone payment plus the termination of commercial license agreements. In the second quarter, VIVALIS received a milestone payment from GlaxoSmithKline (GSK). This milestone was due to the EB66<sup>®</sup> co-exclusive license signed between VIVALIS and GSK in 2007 becoming a fully exclusive license in the influenza vaccine field. This is now the case as VIVALIS' influenza license agreements with Nobilon and CSL have been terminated. The exclusive nature of GSK's influenza license will also trigger the payment of other additional milestone payments and royalties under the terms of the agreement. Under the partnership with GSK partnership, there are two ongoing Phase I clinical trials of EB66-based influenza vaccines: one in the US run by GSK, and one in Japan run by GSK's sub-licensee, Kaketsuken.

Licensing income accounted for 87% of revenue in the 2011 second half, up from 60% for the same period in the previous year.

**A solid consolidated cash position at June 30, 2011**

Consolidated cash at June 30, 2011 amounted to €36 million compared with €37 million at March 31, 2011.

This cash includes the inflow from the new milestone payment received from GSK plus an outflow for the first payment for the acquisition of SC World's ISAAC technology.

Based on revenue generated by services and licensing income, combined with tight control of operating expenses, cash burn in the quarter was limited to €1 million, confirming the low cash burn model of VIVALIS.

VIVALIS has a strong financial position to successfully pursue its program for the development of proprietary products with significant potential for creating value.

## Scientific and commercial successes

VIVALIS has achieved commercial and scientific advances in each of its activities.

For its EB66<sup>®</sup> technology, four new licenses have been signed since the beginning of the year, two of which being commercial licenses with Kyoto Biken (Japan) and Transgene (France). These commercial agreements achieve the 2011 goals of two new commercial licenses for the year and bring VIVALIS more than half-way to meeting its yearly licensing objectives of up to seven license agreements. For the human monoclonal antibody discovery technology, VIVA|Screen<sup>™</sup>, VIVALIS significantly strengthened the position of its platform after acquiring the ISAAC technology from SCWorld.

## Outlook

With 17 commercial licenses and around 10 research licenses to date for the EB66<sup>®</sup> technology, the first major agreement signed for the VIVA|Screen<sup>™</sup> antibody discovery technology, ongoing scientific advances, and a solid financial position, VIVALIS is very optimistic about its development prospects. For these reasons, the Company remains confident that it will successfully meet commercial and financial targets for 2011: 6 license agreements for the EB66<sup>®</sup> cell line including 2 commercial licenses, a new commercial agreement for the VIVA|Screen<sup>™</sup> platform and a cash position of around €30 million at year-end 2011.

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of Vivalis, commented: *"We are very pleased with progress since the start of the year. We have continued to achieve major milestones in the implementation of our road map for development. The first half was highlighted by acceleration in our growth and the consolidation of our technological leadership. The launch of the second clinical trial for a vaccine using the EB66<sup>®</sup> cell lines by Katesuken in Japan, the signature of two new commercial licenses and progress achieved in our collaboration with GSK have further strengthened the leadership of the EB66<sup>®</sup> platform worldwide. In addition, the acquisition of the ISAAC technology from SC World in Japan provides us with a high-throughput screening (HTS) single-cell antibody discovery technology, further strengthening our technological leadership in this area and our integrated offering for pharmaceutical and biotechnology manufacturers in the field of human monoclonal antibodies. Good financial performances sustained by the quality asset base we have built provide VIVALIS with solid foundations for advancing to the next phase of its development with the creation of a portfolio of proprietary products we plan to launch in the coming months."*

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**Next financial press release: 2011 first half results,  
August 30, 2011, after NYSE Euronext market closing:**

## **About VIVALIS ([www.vivalis.com](http://www.vivalis.com))**

VIVALIS (NYSE- Euronext: VLS) is a biopharmaceutical company that provides innovative cell-based solutions to the pharmaceutical industry for the manufacture of vaccines and proteins, and develops drugs for the prevention and treatment of unmet medical needs. VIVALIS' expertise and intellectual property are leveraged in three main areas:

### 1. EB66<sup>®</sup> Cell Line:

VIVALIS offers research and commercial licenses for its EB66<sup>®</sup> cell line, derived from duck embryonic stem cells, to pharmaceutical and biotechnology companies for the production of

therapeutic and prophylactic viral vaccines, virosomes, VLP's, and recombinant proteins (with a focus on monoclonal antibodies having enhanced cytotoxic activity). EB66® cell line based vaccines are currently in clinical trials in USA and in Japan. Through these programs VIVALIS receives upfront, clinical stage milestone payments along with royalties on licensees' net sales.

## 2. VIVA|Screen™ Human Antibody Discovery Platform

Customized solutions for the discovery, development, and production of fully human monoclonal antibodies are now offered by VIVALIS. Through these programs VIVALIS receives upfront, clinical stage milestone payments along with royalties on licensees' net sales.

## 3. 3D-Screen Drug Discovery Platform

VIVALIS performs discovery and development, up to pre-clinical evaluation, of original small chemical molecules identified with its proprietary platform, 3D-SCREEN. This unique screening platform is designed to identify original molecules that alter the three-dimensional structure of a target protein, thus modulating its biological function through an innovative mode of action. VIVALIS is building a portfolio of proprietary new chemical entities for the treatment of hepatitis-C virus infection. VIVALIS also proposes, on a fee for service basis, to develop ready to use customized 3D-Screen HTS assays directed against client's target protein of interest.

Based in Nantes & Lyon (France) and in Toyama (Japan) VIVALIS was founded in 1999 by the Grimaud Group (ca. 1,500 employees), a worldwide leader in animal genetic selection. VIVALIS has established more than 30 partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, Transgene, Pfizer Animal Health, Kaketsuken, Kitasato Daiichi Sankyo Vaccine, Merial, Intervet, SAFC Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bioclusters.

### VIVALIS

Listed on Euronext Paris – Compartment B of NYSE Euronext

Reuters: VLS.PA – Bloomberg: VLS FP

Included in NYSE Euronext's SBF 250, CAC Small 90 and Next Biotech indexes



*This document contains forward-looking statements and comments on the company's objectives and strategies. No guarantee can be given as to any of the events anticipated by the forward-looking statements, which are subject to inherent risks, including the risk factors described in the company's registration document (document de référence), changes in economic conditions, the financial markets or the markets in which the company operates.*

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