

**Vivalis Accelerates Growth**  
**Third Quarter Revenues: up 45%**  
**Consolidated Cash Position (end of quarter): €42.1 million**

**Nantes, Lyon (France) – 20 October 2010** – VIVALIS (NYSE Euronext:VLS), a biopharmaceutical company, today announced its third quarter 2010 revenues (IFRS) of €1.2 million, up 45% year-on-year, and a consolidated cash position of €42.1 million at 30 September 2010.

Following the acquisition of Humalys S.A.S. on 7 January 2010, VIVALIS will publish its financial data according to IFRS accounting standards. VIVALIS' financial statements were already published under French GAAP and IFRS rules in its 2009 *Document de Référence* registered with the AMF on 22 April 2010 under number R.10-026.

This change of rules has no impact on the cash and cash equivalent position. In contrast, the move to IFRS rules impacts the revenue recognition of licensing revenues. According to IAS18, "up-front payment" revenues and "milestone" revenues are recognized over the development period of these programs, whilst under French GAAP they are recognized fully upfront. The impact can be summarized as a "spreading out" of such revenues over the coming years.

**Significant Revenue Growth Continues During Third Quarter 2010**

(in thousands of euros, IFRS)

	Third Quarter			Nine Months		
	2009	2010	Var.	2009	2010	Var.
Revenues from services	236	<b>424</b>	+80%	645	<b>931</b>	+44%
Revenues from licensing	595	<b>777</b>	+31%	1.572	<b>2.040</b>	+30%
<b>Total revenues</b>	831	<b>1,201</b>	<b>+45%</b>	2.217	<b>2.971</b>	<b>+34%</b>

Total revenues for the third quarter 2010, including revenues from services and licensing activities, increased 45% compared to the same period in 2009, to €1.2 million.

Revenues from services increased 80% from €0.2 million for the third quarter of 2009 to €0.4 million for the same period in 2010, from new service contracts. These new services are provided to clients in the structure of process development, and include new service revenues linked to the contract signed with Sanofi-Pasteur in June 2010 for the discovery of new human antibodies. Meanwhile, revenues from licensing activities, comprising of revenues from up-front and milestone payments, increased by 31% as the result of the commercial and scientific progress achieved over the period in various VIVALIS activities.

For the first nine months of 2010, total revenues increased 34% over the same period last year to €3.0 million. This progression of revenues is set to continue over the next quarters.

**Consolidated Cash Position (September 30, 2010)**

Consolidated cash and cash equivalents amounted to €42.1 million as at September 30, 2010, compared to €14.9 million at June 30, 2010.

This position includes the €3 million up-front payment triggered by the signing of the monoclonal antibody discovery agreement with Sanofi-Pasteur, announced by the two companies on 8 June 2010, and the net proceeds of €29 million from the successful capital increase by VIVALIS in July 2010. It also includes €2 million of further investment for our laboratories.

VIVALIS has a very sound financial situation and excellent financial visibility.

### **Commercial and Scientific Success**

VIVALIS has witnessed commercial and scientific progress in each of its activities.

The licensing momentum on the EB66<sup>®</sup> cell line technology has continued with six new licenses or evaluation agreements signed since the beginning of the year, of which two are commercial licenses, in all fields of application of this technology, being veterinary vaccines, human vaccines and therapeutic proteins.

Regarding the Humalex<sup>®</sup> technology, the signature of the collaboration agreement and a commercial license with Sanofi-Pasteur for the discovery and development of fully human monoclonal antibodies against several infectious diseases is a major development step for VIVALIS for entry in this type of collaboration in a very lucrative field.

### **Outlook**

With 17 commercial licences and about 10 research licences signed to date on the EB66<sup>®</sup> cell line technology, the first major agreement signed on the Humalex<sup>®</sup> technology, ongoing scientific advances, and increased shareholders' equity position, VIVALIS is very confident of its development perspectives and the execution of its business plan.

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of VIVALIS, said, *"We are very pleased with the progress seen during the last months. We have continued to advance in each of our activities. With six new licenses signed since the beginning of the year, the commercial momentum on the EB66<sup>®</sup> technology remains high, as this technology gains more and more awareness around the world in each of its fields of application. At the same time, the acquisition of Humalys broadens our offering to the pharmaceutical and biotechnology companies and gives us the ability to sign more significant commercial agreements, such as the Sanofi-Pasteur agreement that represents the first industrial and commercial validation of this platform. Finally, with more than 40 million euros expected at the end of the year following the July capital increase, we have all the resources necessary to execute our business plan and a new phase of VIVALIS development, with the building of a portfolio of proprietary products that we will initiate in the coming months."*

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### **Next Financial Press Release:**

**27 January 2011, after NYSE Euronext market closing: Fourth quarter 2010 revenues**

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

VIVALIS (Euronext code: 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 exploited 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 stem cells, to pharmaceutical and biotechnology companies for the production of therapeutic and prophylactic viral vaccines, virosomes, VLPs and recombinant proteins, especially monoclonal antibodies with enhanced

cytotoxic activity. VIVALIS receives upfront payment, clinical stage milestone payments and royalties on its licensees' net sales.

## 2. Humalex® platform

VIVALIS proposes customized solutions for the discovery, development and production of fully Human monoclonal antibodies. VIVALIS receives upfront payment, clinical stage milestone payments and royalties on its licensees' net sales.

## 3. 3D-Screen platform

VIVALIS performs discovery and early stage developments of small chemical molecules identified with VIVALIS proprietary screening platform, 3D-Screen, which identifies target protein conformational modulators. VIVALIS is building a portfolio of proprietary products for the treatment of Hepatitis C virus infection..

Based in Nantes (France), 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, Merck, CSL, Kaketsuken, Merial, Intervet, SAFB Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bio-clusters.

### VIVALIS

Listed on Euronext Paris – Compartment C 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 document de référence, changes in economic conditions, the financial markets or the markets in which the company operates.*

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