2012 HALF-YEAR FINANCIAL RESULTS

- **Decrease in operating costs (-17%), decline in operating loss (-13%) and net loss (-16%) due to a rigorous control of expenses ;**
- **Significant clinical results confirming the clinical activity of the Kinoid technology ;**
- **Ongoing discussions with potential partners**

Paris, September 27th 2012 – Neovacs (Alternext Paris: ALNEV, FR0004032746), a leader in active immunotherapies for the treatment of autoimmune diseases, today announced its financial results for the first half of 2012, as approved by the board of directors on September 26, 2012.

Financial highlights for the first half of 2012

- **17% decrease in operating expenses as a result of reduced R&D expenses**

In K€	HY 2012	HY 2011
Revenues	**103**	376
Of which, grants	***99***	*364*
Operating costs	**-4,339**	-5,249
Operating profit/loss	**-4,236**	-4,873
Financial income	**-8**	-18
Pretax profit/loss	**-4,244**	-4,891
Exceptional items	**-66**	45
Research tax credit	**660**	503
Total profit/loss	**-3,650**	-4,343
Cash and cash equivalents	**6,622**	15,316

Revenues amounted to 103 K€, including an OSEO-Anvar grant of 99 K€ for the IFNα-Kinoid. As the company is still in the development stage, most of its revenues come from grants.

Operating costs were 4.3 M€, a 17% decrease compared to the first half of 2011. The Company has carefully controlled administrative expenses to focus its resources on the clinical development of its drug candidates. R&D expenses for the period were 77% of total operating costs for the period – a total of 3.4 M€ compared to 4.3 M€ during the same period in 2011. This 23% decrease was expected and is linked to the completion of the clinical studies initiated in 2011: IFNα-Kinoid phase I/II study in Lupus and TNF-Kinoid Phase IIa study in Rheumatoid Arthritis.

The operating result reflected this control of expenses with a loss of 4.2 M€, a 13% decrease from 4.9 M€ for the prior period. After taking into account the 660 K€ R&D tax credit (*crédit d'impôt recherche*), the net loss for the period decreased significantly to 3.7 M€, compared to 4.3 M€ for the first half of 2011 - a 16% improvement.

- **Cash on hand at the end of June 2012: 6.6 M€**

Cash and cash equivalents at period end were at 6.6 M€. This does not include the 1.6 M€ tax credit for the R&D expenses incurred over 2011, which was received in September 2012 after the close of the accounting period.

Clinical highlights for the first half of 2012

Consistent with its clinical development plan, the Company released significant results in the period for its TNF-Kinoid drug candidate:

- **In Rheumatoid Arthritis**: Neovacs released in January 2012 the full results of the TNF-Kinoid Phase IIa study, which met its primary endpoint. The full results confirmed TNF-Kinoid's excellent safety profile, its ability to induce antibodies to TNF and a trend towards the relief of disease symptoms.

- **In Crohn's Disease**: Neovacs published in June 2012 the interim analysis of the TNF-Kinoid Phase II study. The interim analysis of the first 60 patients did not show any statistically significant difference in terms of clinical remission between the Kinoid-treated group and the placebo group. A major factor explaining the lack of response to the Kinoid appears to be the ongoing presence of monoclonal antibodies at the time of entry into the study. The interim analysis did however demonstrate a statistically significant correlation between clinical remission and the level of antibodies induced by the Kinoid, confirming the biological activity of the Kinoid. The study further confirmed the excellent safety profile of the TNF-Kinoid, consistent with two previous studies. All these findings are subject to confirmation in the final phase of the study.

Perspectives for the second half of 2012

Neovacs will publish the full results of its TNF-Kinoid study in Crohn's disease in the fourth quarter of 2012. New studies in Rheumatoid Arthritis and Lupus are currently being designed and further clinical trials are expected to start in 2013.

The Company is also pursuing active discussions with potential partners for its two drug candidates.

Guy-Charles Fanneau de la Horie, CEO of Neovacs, concludes: "*We are confident in the potential of our company and our immunotherapy products. We are expecting to release full results of our ongoing study in Crohn's Disease very shortly, while we continue our discussions with potential partners who are very interested in the clinical and commercial potential of our products*".

About Neovacs

Neovacs is a biotechnology company focused on an active immunotherapy technology platform (Kinoids) with applications in autoimmune and/or inflammatory diseases. On the basis of the company's proprietary technology for inducing a polyclonal immune response (covered by five patent families that run until at least 2023) Neovacs is focusing its development efforts on two active immunotherapies: TNF-Kinoid is being developed for the treatment of TNF-mediated autoimmune diseases such as rheumatoid arthritis and Crohn's disease, whereas IFNα-Kinoid is being developed for the indication of lupus. The goal of the Kinoid approach is to enable patients to have access to safe treatments with efficacy that is sustained in these life-long diseases.

For more information on Neovacs, visit www.neovacs.fr.

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