Press release

From cells to therapeutics Vivalis

ROBUST FIRST-HALF GROWTH:

NET CASH SURPLUS OF €1.8 MILLION IN THE FIRST HALF

SOLID CASH POSITION AT 06/30/09 OF €24.5 MILLION

+€3 MILLION RECEIVED FROM OSEO ISI IN EARLY JULY

Nantes (France) –July 22, 2009 - VIVALIS (NYSE Euronext: VLS), a biopharmaceutical company that provides the pharmaceutical industry innovative cell-based solutions for the manufacture of vaccines and proteins and develops drugs to prevent and treat viral diseases, presents its revenue and cash position for the first half period ended June 30, 2009.

First-half revenue

Revenue in the 2009 second quarter was €0.9 million, up from €0.8 million from the same period last year. The decline in relation to the preceding quarter reflects a significant milestone payment made by a licensee in the first quarter.

On this basis, first-half revenue increased to €3.2 million compared with €0.9 million for the first six months of 2008. This momentum is the result of commercial successes by VIVALIS not only in the first half but also in recent years. In effect, the portfolio that now includes 27 licenses combined with concrete advances in R&D have generated a significant stream of licensing income in the first half in the form of upfront license fees for new agreements or milestone payments. Licensing income accounts for more than 80% of total revenue with the balance coming from research services.

It should be noted that revenue originates primarily from upfront fees and milestone payments under license agreements. On this basis, revenue is irregular from one quarter to the next and consequently does not accurately reflect the technological and commercial advances of VIVALIS.

(Excluding tax, € thousands, French GAAP)

Revenue	2009	2008
First quarter	2,373	165
Second quarter	852	766
First half	3,225	931

Substantial capital resources that increased to €27.5 million in early July

At June 30, 2009, cash and cash equivalents remained virtually unchanged in relation to the first quarter at €24.5 million, and up from 2008 year-end. Cash burn was accordingly only €0.3 million in the second quarter.

For several quarters VIVALIS has continued to demonstrate the efficiency of its low cash burn model sustained by revenue flows from research services and license agreements combined with tight control over operating expenses.

In addition, in early July 2009 VIVALIS received €3 million from OSEO through its ISI programme in the form of a grant and repayable advances under the agreement with Geovax and Innate Pharma. In consequence, cash and cash equivalents totalled €27.5 million, a level comparable to early July 2007 following its initial public offering.

Significant advances in commercial development and R&D in the second quarter

In the 2009 second quarter, VIVALIS signed three new license agreements to already meet its initial annual targets in the first half. As a result, at the end of June 2009, VIVALIS raised its commercial targets for the full year to 10 new license agreements.

The R&D team has also been reinforced by 6 new members. It now includes a total staff of 72 devoted to accelerating the pace of its different development programmes and their commercialization both for the EB66® platform applied to vaccines and monoclonal antibodies as well as proprietary products that include anti-hepatitis C molecules.

Targets confirmed in an environment of positive growth prospects

The current pandemic risk and the need to be able to supply the public with vaccines within a very tight timeframe provide a further illustration of the importance of vaccine manufacturing technologies as a major priority of public health. In this context, VIVALIS is today among the key players in the world developing new vaccine production technologies that are more effective and safer to replace the current technique used for more than 70 years.

With positive fundamentals for the sector's growth and a sizable portfolio of already 27 licenses, VIVALIS has solid financial foundations providing it with the resources to support its development for the next four years. On this basis, the Group confirms with confidence and serenity its target for net cash at 2009 year-end of more than €20 million, on a like-for-like basis.

Franck Grimaud, VIVALIS CEO, declares: *"First-half revenue as well as these commercial and technological successes are the product of ten years of research by all VIVALIS teams. Today we are developing and establishing a new worldwide industry standard for the production of vaccines as well as monoclonal antibodies. In the two years following the IPO, VIVALIS' progress has been marked by major developments accompanied by a significant change in dimension: 14 new licenses, major technological advances, the recruitment of 28 new employees. Moreover, these accomplishments were achieved while effectively managing expenses. As a result, in early July 2009 our capital resources of €27.5 million were at the same level as following our initial public offering in July 2007."*

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Next financial press release:
August 31 after NYSE Euronext market closing: 2009 first-half results

About the EB66® line

The EB66® cell line, derived from duck embryonic stem cells, presents unique industrial and regulatory characteristics such as long-term genetic stability, immortality and cell growth to high cell densities in suspension in a serum-free medium (>20 millions cells/mL).

The BMF (Biologics Master File) for the registration of the EB66® cell line with the FDA (U.S. Food and Drug Administration) was filed on June 27, 2008.

The EB66® cell line is currently used or being tested by 75% of the major players in vaccines. VIVALIS has furthermore demonstrated that the EB66® cell line can be easily genetically modified, permitting the expression of recombinant proteins of potential interest. Moreover the glycosylation profile of monoclonal antibodies produced through EB66® cell lines is similar to the glycosylation profiles of human monoclonal antibodies with the added benefit of being distinguished by reduced fucose content. This latter characteristic is known to be associated with a higher level of antibody cytotoxic activity, particularly useful in the treatment of cancer cells.

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About VIVALIS (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 viral diseases. VIVALIS' expertise and intellectual property are exploited in three main areas:

1. The development and manufacturing of vaccines. VIVALIS offers research and commercial licenses for its EB66® cell line, derived from duck stem cells, to pharmaceutical and biotechnology companies for the production of vaccines. Vivalis receives upfront fees, milestone payments and royalties on its licensees' net sales.

2. The development of production systems for recombinant proteins and monoclonal antibodies. VIVALIS licenses its EB66® cell line for the production of recombinant proteins to biotechnology and pharmaceutical companies. Vivalis receives upfront fees, milestone payments and royalties on its licensees' net sales.

3. The construction of a portfolio of proprietary products in the area of vaccines and anti-viral molecules (hepatitis C).

Based in Nantes (France), VIVALIS was founded in 1999 by the Grimaud group (1,450 employees), the second largest group worldwide in animal genetic selection. VIVALIS has established more than 30 partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, Novartis Vaccines, Merck, CSL Kaketsuken, Merial, Intervet, SAFC Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES bio-cluster.

VIVALIS
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