

Strong Revenue Growth in Q1 2011: Three Fold Increase to €1.9m (IFRS)

Consolidated Cash of € 37M as of March 31, 2011

Nantes & Lyon (France) – 4 May 2011: VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company, announced 2011 first quarter revenues (IFRS) of €1.9 million, representing a 210% increase from the previous year, and a consolidated cash position of €37 million as of March 31, 2011.

Threefold Increase in First Quarter Revenues

(in € thousands - IFRS)	Q1 2010	Q1 2011	Change (%)
Revenue from services	39	477	x12.2
Licensing income (upfront & milestones payments)	560	1,380	x2.5
Revenue	599	1,857	x3.1

First-quarter revenues from 2011, including payments for services and licensing income, increased threefold to €1.9 million compared to the same period of the preceding year.

Service revenue increased more than tenfold, mainly from payments for R&D expenditures incurred in connection with programs for new antibody discovery.

Licensing income during the same period, including upfront and milestone payments, more than doubled, notably from new licenses signed in 2010 and 2011 for both the EB66[®] cell line and Humalex[®] technology platforms, and to a lesser extent, upward revisions regarding certain assumptions for the recognition of these revenues.

A Solid Consolidated Cash Position as of March 31, 2011

Consolidated cash as of March 31, 2011, amounted to €37 million compared with €42.5 million at December 31, 2010 and €17 million at March, 31 2010.

This cash position accounts for the payment of the second €2 million tranche for the acquisition of Humalys but does not include the repayment of the 2010 research tax credit of €2.1 million.

Scientific and Commercial Success

Commercial and scientific momentum has remained on track since the start of 2011.

First, two new research licenses have been signed since January 2011 to assess the EB66[®] cell line for the production of human vaccines.

Furthermore, VIVALIS' Japanese partner, Kaketsuken, has launched a Phase 1 clinical trial to test an influenza vaccine in humans produced from the EB66[®] cell line. Consequently, two influenza vaccines from VIVALIS partners have been produced in EB66[®] cells and are in clinical trials in two of the world's largest and demanding markets, the US and Japan.

In the field of antibody discovery, early in the year Sanofi-Pasteur initiated a second antibody discovery program within the framework of the collaboration agreement signed in June 2010.

Additionally, at the end of April 2011, VIVALIS made a major strategic acquisition of an antibody discovery technology developed by the Japanese company SC World. The integration of SC World's high-throughput screening (HTS) technology combined with the Humalex[®] platform has resulted in the creation of an antibody discovery system unique in the world. VIVALIS has significantly strengthened its expertise in this field and now possesses a technology and commercial offering that allows it to accelerate its development efforts in the discovery of rare antibodies.

Confirmed Positive Outlook

VIVALIS has strengthened its foundations to accelerate its development:

- Influenza vaccines from commercial partners in clinical trials in the US and Japan;
- Nearly 30 licenses for the EB66[®] technology;
- Two programs for the discovery of new antibodies within the framework of the Sanofi-Pasteur collaboration agreement;
- Ongoing scientific advances;
- Reinforced technological leadership from the acquisition of SC World's B-lymphocyte screening technology.

VIVALIS is very confident in its outlook and prospects for successfully meeting its commercial and financial targets for 2011: six to seven new licenses for the EB66[®] technology, a license and collaboration agreement for antibody discovery, and consolidated year-end cash position of approximately €30 million.

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of VIVALIS, commented: *"We are very pleased with the progress achieved since the beginning of this year. The launch of the second clinical trial for a second influenza vaccine in Japan, one of the most demanding markets in terms of regulatory requirements, further validates the EB66[®] cell line and the signature of new licenses confirms our positive commercial momentum. At the same time, we have considerably strengthened our technological leadership in the discovery of rare antibodies with the acquisition of the SC World technology. The robust first quarter performance reflects commercial and scientific progress achieved over the recent years that has contributed to sustained revenue growth. With our strong asset base and solid achievements, we are particularly well suited to successfully implement our strategy and further accelerate our development over the coming months."*

**Next financial press release: 2011 first-half sales
21 July 2011, after NYSE Euronext market closing**

About VIVALIS (www.vivalis.com)

VIVALIS (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:

EB66[®] Cell Line

VIVALIS offers research and commercial licenses for its EB66[®] 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). Through these programs VIVALIS receives upfront, clinical stage milestone payments along with royalties on licensees' net sales.

VIVALIS Human Antibody Discovery Platform

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

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 (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, Pfizer Animal Health, Kaketsuken, Kitasato Daiichi Sankyo Vaccine, Meril, Intervet, SAFB Biosciences. VIVALIS is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bio-clusters.

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



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