Press Release

From cells to therapeutics **Vivalis**

Operating income for Q32012:1.8M€ (IFRS)

Consolidated cash and cash equivalents at September 30, 2012:15.7 M€

Nantes, Lyon (France) –October 23, 2012: VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company, today released its recurring operating income (without change in inventory and production and services capitalized) for the third quarter of 2012 (IFRS) of 1.8 million euros and a consolidated cash position at September 30, 2012 of 15.7 million euros.

Operating income

(In euro thousands, IFRS, non audited)	3rd Quarter			9 months		
	2011	**2012**	***Var.***	2011	**2012**	***Var.***
Revenue from services	358	**700**	*+96%*	1,188	**1,557**	*+31%*
Licensing revenue (*upfront, milestones*)	2,395	**338**	*-86%*	6,253	**979**	*-84%*
Total revenue	2,753	**1,038**	***-62%***	7,441	**2,536**	***-66%***
Of which EB66® andBioproduction	*2,307*	***567***	*-75%*	*5,893*	***1,096***	*-81%*
VIVA|Screen™	*446*	***471***	*+6%*	*1,549*	***1,439***	*-7%*
Income from public financing*	*581*	***753***	*+30%*	*1,671*	***2,291***	*+37%*
Total operating income(w/o production and services capitalized)	*3,334*	***1,791***	*-46%*	*9,112*	***4,827***	*-47%*

**estimates*

Evolution of total revenue per quarter

(En milliers d'euros, normes IFRS-non audités)	2011			2012		
	Q1	*Q2*	*Q3*	Q1	Q2	**Q3**
Revenue from services	*477*	*353*	*358*	524	332	**700**
Licensing revenue (*upfront, milestones*)	*1,380*	*2,478*	*2,395*	330	311	**338**
Total revenue	***1,857***	***2,831***	***2,753***	**854**	**643**	**1,038**
Of which EB66® and Bioproduction	*1,253*	*2,332*	*2,307*	*389*	*141*	***567***
VIVA|Screen™	*604*	*499*	*446*	*466*	*502*	***471***

2012 third quarter revenue, including both revenue from services and licensing income, was 1.0 million euros compared with 2.8 million euros for the same period of 2011. Meanwhile, income from public financings (grants and research tax credit) increased 30%, thanks to the steep increase of the research tax credit between both periods. As a consequence, third quarter total operating income, excluding change in inventory and production and services capitalized, amounted to 1.8 million euros for 2012, vs. 3.3 million euros for 2011.

Revenue from services significantly increased by 96% between the two periods, as a result of the increase of services rendered for the discovery of new antibodies (the VIVA|Screen™ technology) and above all, thanks to services rendered in the framework of biomanufacturing contracts.

At the same time, licensing revenue, including upfront and milestones payments, experienced a significant decrease as expected, following the end of the accounting revenue recognition period of some commercial licenses at the end of 2011.

Over the first nine months, total operating income, excluding change in inventory and production and services capitalized, amounted to 4.8 million euros in 2012vs. 9.1 million euros for the first nine months of 2011. The 37% increase in the income from public financings did not compensate the decrease in the EB66® licensing revenues recognized under IFRS.

Consolidated cash at September 30, 2012

Consolidated cash(including cash equivalent and current financial assets) amounted to 15.7 million euros at September 30, 2012, compared with30.6 million euros at December 31, 2011 and 18.0 million euros at June 30, 2012.

This level of cash includes 4.7millioneuros of investment realized during the first nine months of 2012, including the payments for the acquisitions of the Lyon based company Humalys and of the ISAAC technology acquired from the Japanese company SCWorld.

The Company would like to remind that, as a subsidiary majority owned by the Grimaud Group, it does not benefit from the payment of the research tax credit receivables the year following their booking any more. This payment has a 3-year lag and the next payment is expected in 2013. At September 30, 2012, the total research tax credit receivables exceed 6 million euros.

Historical scientific and commercial development

The Company maintained its scientific and commercial momentum since beginning of the year.

8new licenses, including, Biodiem (Australia), Merck Animal Health (USA), Farvet (Peru),Merial (France) and BioFactura (USA) have been signed since January 1,2012to use the EB66® cell line for the production of vaccines and monoclonal antibodies, of which 2 are commercial licenses. This is already the best performance achieved since the company's inception, and above its own objectives set at beginning of the year. These new licenses add to bring the total of active EB66® licenses to 31.

On another hand, with the initiation of Phase III clinical trials in Japan for a pandemic flu vaccine developed by Kaketsuken in collaboration with GSK vaccines and produced on the EB66® cell line, along with the marketing authorization granted to Kaketsuken for a veterinary vaccine against the EDS in Japan and produced on EB66®, the EB66® cell line has achieved new regulatory milestones over the last months.

For the VIVA|Screen™ technology (discovery of monoclonal antibodies), Sanofi Pasteur has started beginning of 2012 the third discovery program in the framework of the agreement signed in June 2010.This agreement has been expanded to add another target, increasing the potential of this strategic agreement to 140 M€ of milestone payments plus royalties. It confirms the strong interest that Sanofi has for the VIVA|Screen™ technology.

2012 outlook

VIVALIS has built a solid asset base to continue its development:

- A pandemic Influenza vaccine in Phase III in Japan through VIVALIS licensee;
- A first veterinary vaccine produced on EB66® approved;
- 19 commercial licenses of the EB66® technology;
- Several biomanufacturing contracts for vaccine production;
- Three on-going programs with Sanofi Pasteur to discover novel monoclonal antibodies;
- Continuous scientific advances; and,
- The initiation of a proprietary program to discover novel monoclonal antibodies in the field of oncology.

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of VIVALIS, commented: « *2012 is clearly a major year for our EB66® technology that becomes every day the alternative to the eggs for the production of vaccines. The first marketing authorization received by a veterinary vaccine produced on EB66® is without any doubt a significant milestone of our development. It marks the beginning of a new cycle for VIVALIS with the marketing of veterinary vaccines developed by our licensees and produced on our EB66® cell line, adding to our existing revenue sources royalties on sales. The veterinary vaccine market is significant with total sales over 5 billion dollars. In the human field, the initiation of a Phase III clinical trial for a first flu vaccine produced on our cell line is another milestone that brings us closer to market. Finally, the execution of 8 new agreements and licenses strengthens our market presence with the attraction of new licensees as well as new indications with current licensees. Our VIVA|Screen™ technology continues to gain attraction in its various application domains and we expect to sign new agreements in the coming months. In view of this progress, we believe that VIVALIS has very solid grounds to continue its development around its 3 strategic axes : the EB66® cell line, the antibody discovery platform VIVA|Screen™, and its portfolio of proprietary monoclonal antibody products.* »

****

Next financial press release: 2013 Financial calendar
January15, 2013, aftermarket closing

About VIVALIS (www.vivalis.com)

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

1. 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, VLPs and recombinant proteins, including monoclonal antibodies. Clinical trials of EB66® produced vaccines are currently on-going in the USA and Japan and in 2012 a vaccine produced in EB66® cells received market approval in Japan for use in animal health. Through these programs, Vivalis receives an upfront payment, 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 rare, fully human monoclonal antibodies are offered by Vivalis. Through these programs, Vivalis receives payments associated with the funding of discovery research, an upfront payment, clinical stage milestone payments along with royalties on net sales of licensed antibodies that are commercially developed from the use of the platform.

Based in Nantes and Lyon (France) and in Toyama (Japan), Vivalis was founded in 1999 by the Group Grimaud (approx. 1,700 employees), one of the worldwide leaders in animal genetic selection. Vivalis has established more than 30 partnerships and licenses with world leaders in biopharmaceutical industry, including Sanofi Pasteur, GlaxoSmithKline Biologicals, Transgene, Pfizer Animal Health, Kaketsuken, Kitasato Daiichi Sankyo Vaccine, Merial, Merck Animal Health and SAFC Biosciences. Vivalis is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bio-clusters and a member of the Japanese HOKURIKU INNOVATION CLUSTER FOR HEALTH SCIENCE based in Toyama.

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 to any of the events anticipated by the forward-looking statements contained in this document, which are subject to inherent risks, including 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.*

Contacts

VIVALIS
Franck Grimaud, CEO
Email: investors@vivalis.com

***New*Cap**
Financial communications agency
Axelle Vuillermet / Pierre Laurent
Tel.: +33 (0) 1 44 71 94 91
Email: vivalis@newcap.fr