Press release

From cells to therapeutics **Vivalis**

2010 ON TARGET
Strong revenue growth: +56%
Year-end cash: €42.5m

2011 OBJECTIVES:
EB66® technology: 6 to 7 new licenses
Humalex® technology: 1 new partnership agreement and development of proprietary product gets underway

Nantes & Lyon (France) – 27 January 2011: VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company, announced fiscal 2010 revenue (excluding operating grants) of €4.8 million (IFRS), up 56% year-on-year and net cash €42.5 million at 31 December compared to €23.6 million one year earlier.

Strong revenue growth in 2010 fourth quarter and full year

(in € thousands - IFRS)	Fourth quarter			Full year		
	2009	**2010**	***Change***	2009	**2010**	***Change***
Revenue from services	90	**744**	*+726%*	735	**1.675**	*+128%*
Licensing income (upfront & milestones payments)	789	**1.125**	*+43%*	2.361	**3.165**	*+34%*
Revenue	879	**1.869**	***+126%***	3.096	**4.840**	***+56%***

2010 fourth quarter revenue including both payments for services and licensing income surged 126% compared to the same period of the preceding year to reach €1.9 million. This performance highlights very strong growth momentum for both revenue from services and licensing income. The fourth quarter also included a milestone payment in connection with the authorization received by GSK to conduct human clinical trials (IND).

On this basis, full year revenue was up 56% to €4.8 million. Revenue from services has increased more than two fold between 2009 and 2010. This growth reflects gains from services for both the Humalex® and EB66® technologies following the signature of new contracts by VIVALIS in 2010. At the same time licensing income registered sustained gains with an increase of 34% for the year.

It should be noted that under French GAAP the combined revenue of Humalys and VIVALIS would be €8.0 million for fiscal 2010, up from €4.7 million in the prior year or +71%. On an IFRS basis, in accordance with IAS 18, revenue from upfront license fees and milestone payments (recognised under French GAAP at stages defined in the contracts) is instead spread over the entire term of the development period. Under this latter method of recognition, revenue is accordingly smoothed out over time.

This excellent performance is the result of commercial efforts by VIVALIS over several years and also illustrates the significant potential of Humalex® that is already contributing to growth.

Financial solidity confirmed by strong cash position

Cash at 31 December 2010 amounted to €42.5 million compared with €23.6 million at 31 December 2009 and €42.1 million at 30 September 2010. This cash position includes the impact of the first payment for the acquisition of the Humalex® technology and capital expenditures for the company's new research facility as well as proceeds from the rights issue in July 2010. The year represented a new period of investment for VIVALIS as it continued to acquire high value-added strategic assets to strengthen its technological leadership and accelerate its development.

2010 on target

2010 was a very dynamic year for VIVALIS in which all targets were met:

- EB66® technology: the signature of 7 new licenses including 3 commercial licenses (BoehringerIngelheim Vetmedica, an undisclosed company and Merial);

- Humalex® technology: signature of the first commercial agreement for research and development with Sanofi Pasteur for the discovery of fully human antibodies against several infectious diseases targets.

- First clinical trial for a flu vaccine: At the end of 2010 GSK won approval by the US Food and Drug Administration (FDA) to launch the first clinical trials for a candidate influenza vaccine using the EB66® the cell line. In the beginning of 2011 the first patients in this trial received injections.

2011 outlook: further sustained development

Building on the successes of 2010, VIVALIS intends to maintain strong growth momentum in each of its technology platforms:

- EB66® cell line
    - The signature of 6 to 7 new licenses including 2 commercial licenses both for the production of vaccines and therapeutic proteins; and,
    - Launch of a second clinical trial for a vaccine.

- The Humalex® platform for discovering antibodies
    - Launch of new research programs under the collaboration agreement of June 2010 with Sanofi Pasteur;
    - Signature of a new partnership agreement for the exploitation of its Humalex® platform within the framework of programs to discover human monoclonal antibodies;
    - Start of the first program to discover and develop fully human proprietary monoclonal antibody;

Capital expenditures budgeted for 2011 of approximately €8 million include a second payment for the Humalex® technology, an investment for the industrialisation of the antibody discovery platform, the launch of a development program and the purchase of equipment.
In light of these capital expenditures, VIVALIS' cash target is about €30 million at year-end 2011.

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of VIVALIS, commented: "*2010 was a period of significant progress for VIVALIS marked by the achievement of major technological, commercial and financial milestones. The expansion of our range of services following the acquisition of the Humalex® technology has transformed VIVALIS into one of the few companies capable of proposing a comprehensive offering from the discovery of rare human antibodies to the production of clinical batches. In addition, the signature of a major agreement with Sanofi Pasteur in June 2010 has already provided an immediate confirmation of the enormous potential this acquisition offers. We also strengthened our equity in July 2010 and continued to expand our portfolio of customers using or evaluating the EB66® cell line. Finally, the Investigational New Drug (IND) application granted to GSK Biologicals to produce a vaccine using the EB66® cell line is the culmination of many years of effort and for GSK the beginning of the clinical development phase for this vaccine. With this positive momentum and a team of more than 100 highly motivated staff, we are particularly well prepared to pursue our strategy for sustained growth in 2011 and well beyond.*"

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Next financial press release: Monday, 28 March 2011,
before the opening of the NYSE-Euronext Paris stock exchange: 2010 annual results

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 unmet medical needs. VIVALIS' expertise and intellectual property are exploited in three main areas:

1. EB66® Cell line:
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 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 development of small molecule compounds identified with its proprietary 3D-Screen platform. The 3D-Screen platform is designed to identify molecules that alter the three-dimensional structure of a target protein. With 3D-Screen, VIVALIS is building a portfolio of proprietary products for the treatment of hepatitis-C virus infection and other indications.

Based in Nantes (France), VIVALIS was founded in 1999 by the Grimaud group (ca. 1,600 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, SAFC 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

VLS LISTED NYSE EURONEXT

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