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Financial results for the first half of 2011

- Cash on hand of 15.3 M€: financing is secured into Q4 2012
- Increased R&D expenditure, reflecting progress in the clinical trials
- Significant news announcements expected before year-end.

Paris, 27th September 2011 - Neovacs® (Alternext Paris : ALNEV), a biotech company focused on an active immunotherapy technology platform (Kinoids) with applications in the treatment of autoimmune and inflammatory diseases and cancer, today announced its financial results for the first half of 2011, together with a summary of the key developments for the period. In particular, during the period the Company strengthened its financial position via successful capital increases that raised nearly 10 million euros (net of offering expenses) ; based on the promising clinical results obtained thus far, the company is moving ahead with its clinical development program as planned in 2010. Three clinical studies are ongoing: two with the TNF-Kinoid®, in Crohn's Disease and rheumatoid arthritis and one with IFNα-Kinoid in lupus, which is approaching completion.

Financial highlights :

In K€	30/06/2011	30/06/2010	31/12/2010
Total revenues	**376**	**4**	**17**
Of which, grants	*364*	*0*	*0*
Total operating expense	**5,249**	**4,701**	**10,056**
Of which, R&D	*4,392*	*3,574*	*8,060*
Operating result	**-4,873**	**-4,698**	**-10,039**
Pre-tax result	**-4,891**	**-4,909**	**-10,277**
R&D tax credit	**503**	**584**	**1 316**
Net income	**-4,343**	**-4,333**	**-8,983**

Cash balance at end of period	**15,316**	**12,694**	**8,351**

Commenting on the first half of 2011, Guy-Charles Fanneau de la Horie, Neovacs®' CEO, stated : *"The first half of 2011 saw significant progress on both the clinical and financial fronts. The results presented in Crohn's Disease represent an initial proof of concept for the TNF-Kinoid®, while the initial results with the IFNα-Kinoid in the Phase I/II trial confirm its promise for the treatment of lupus. Thanks to the capital raised in the spring, we are able to chart out the next steps for our clinical program. In the second half, we expect to announce additional important*

data. With TNF-Kinoid®, we should have the results of the Phase IIa study in rheumatoid arthritis. With IFNα-Kinoid we will get the full results of the Phase I/II in lupus, which will be presented at the American College of Rheumatology annual scientific meeting in Chicago. Based on these results, we will develop a protocol for the next phase of the IFNα-Kinoid's clinical development."

Discussion of the financial results:

Growth in clinical development expenditure, control of administrative expenses:

Operating costs were 5.2 million euros, an increase of 11.6% compared to the first half of 2010. The Company has carefully controlled administrative expenses with a view to focusing its resources on the clinical development of its product candidates. Based on the encouraging results in the Phase I/II study of TNF-Kinoid in Crohn's Disease, Neovacs® initiated patient recruitment of a Phase II study in this indication in January 2011. With three clinical trials ongoing, Neovacs® continues to have an ambitious development program. As a result, R&D expenses for the period increased to 4.4 million euros, up 22.9%; R&D expenses were 83.7% of total operating costs for the period.

Administrative expenses for the first half of 2011 fell by 24% compared to the same period in 2010: the amount for the prior period included one-off internal expenses related to the Company's initial public offering in April 2010.

In addition, during the period the Company received an OSEO grant of 364K euros, which is reported as revenue. The grant arises from the TRACKER program with the TNF-Kinoid® in rheumatoid arthritis. It was part of a total 1. 448 million euros received from OSEO in June 2011. The balance of 1.084 million is a repayable advance and is recorded on the balance sheet under Conditional Advances.

The operating result remained well-controlled at a loss of 4.9 million euros, compared with 4.7 million for the prior period**.**

Net loss stable at 4.3 million euros:

The tax credit amounted to 0.5 million euros for the first half of 2011 as against 0.6 million euros for the same period of 2010. At 31st December 2010, Neovacs® was carrying a receivable in respect of the R&D tax credit of 1.3 million euros, which was settled in June 2011.

During the first half, the Company's financial position was strengthened by:

- 9.8 million euros (net of expenses) raised from Debioinnovation, a subsidiary of the Swiss company Debiopharm, Truffle Capital and OTC AM, two of the Company's historical shareholders, and from other qualified institutional investors;
- The receipt of 1.45 million euros in financial support from OSEO in the context of the TRACKER project;
- The receipt of 1.3 million euros in research tax credit carried over from the 31st December balance sheet.

As a result, cash on hand at the end of June 2011 was 15.3 million euros.

Developments since 30th June:

The Board met on 22nd September and accepted the resignation of Novartis Venture Fund, represented by Mr Florent Gros. By way of reminder, Novartis Venture Fund is a shareholder in Neovacs® with 22.22% of the capital representing 15.71% of the voting rights. On 4th May 2011, the Annual General Meeting confirmed the nomination of three new independent directors. Neovacs®' Board currently has 9 members.

The main developments expected between now and the year-end are:

- In October, Neovacs® will have the full final results of the Phase I/II clinical trial of the IFNα-Kinoid in lupus. The Scientific Committee of the prestigious American College of Rheumatology Annual Scientific Meeting has selected these results for oral presentation on the 8th November in Chicago, which speaks to the significant interest they have stimulated. Further, the results have also been selected for presentation to a press conference organized by ACR on the same day. Neovacs® will therefore make the first presentation of the detailed results at this event. As a consequence, the Neovacs® press release with the detailed results of the IFNα-Kinoid Phase I/II trial in lupus will be issued at 2.30pm Paris time on Tuesday 8th November.
- In October, Neovacs will announce the results of the first two dose groups (90 and 180 mcg) of patients in the Phase II TNF-K-003 study in rheumatoid arthritis.
- In December, the Company will have the results of the last dose cohort of this study, of patients who received the 360 mcg; at this point the company will announce the full results of the Phase II study of TNF-Kinoid® in rheumatoid arthritis.

The financial report for the first half is available on Neovacs® web site in the Investors/Documentation section.

About Neovacs®

Neovacs® is a biotechnology company focused on an active immunotherapy technology platform (Kinoids™) with applications in autoimmune diseases and other chronic conditions. Neovacs® proprietary technology, protected by five patent families, aims to induce a polyclonal immune response from the patient's own immune system targeting an over-expressed cytokine. Neovacs' current portfolio consists of 2 drug candidates which are being tested in clinical studies: TNF-Kinoid® and IFNα-Kinoid. The company's lead immunotherapy program (TNF-Kinoid®) targets TNF-mediated chronic inflammatory diseases. For TNF-Kinoid®, a Phase I/II clinical trial in Crohn's disease has been completed and Phase II trials in rheumatoid arthritis (RA) and Crohn's Disease are ongoing. The RA clinical study is also the focus of collaboration with the French diagnostics company BMD, with the goal of developing theranostic tools for personalized care in RA. IFNα-Kinoid is being developed for the treatment of lupus.

For more information, visit the Neovacs® website at www.neovacs.com

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