A limited liability company (*société anonyme*) with capital of €4,539,928.75
Registered office: 49 Boulevard du Général Martial Valin, 75015 Paris
410 910 095 RCS Paris

2012 REFERENCE DOCUMENT

INCLUDING

THE ANNUAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

The French version of the Reference Document (*Document de Référence*) was filed with the *Autorité des Marchés Financiers* on 18 April 2013 pursuant to Article 212-13 of the AMF's General Regulations. It may be used in connection with a financial transaction only if it is accompanied by a memorandum duly approved by the AMF. This document has been prepared by the issuer under the responsibility of its signatories.

Copies of this reference document are available free of charge from the registered office of BioAlliance Pharma, 49 Boulevard du Général Martial Valin, 75015 Paris, and from BioAlliance Pharma's website: http://www.bioalliancepharma.com as well as on the website of the *Autorité des marchés financiers*: www.amf-france.org.

CONTENTS

This reference document includes the annual financial report for the 2012 financial year, the components of which are listed on page 223 of this document.

1. OVERVIEW OF BIOALLIANCE PHARMA

1.1. Profile

1.1.1 A unique business model

BioAlliance Pharma conceives, develops and brings to market innovative drugs for the treatment and supportive care of cancer and its associated pathologies, specifically for severe or rare diseases and in selected markets.

Founded in 1997 and listed on Euronext Paris in 2005, the company's ambition is to become a leading player in the field of orphan diseases in oncology by linking innovation with patient needs.

It employs fifty-five people with key expertise in preclinical and clinical development, regulatory affairs, patents, strategy and business development.

Targeting: Fighting drug resistance

Targeting (mucosal targeting, cellular targeting and molecular targeting) and fighting resistance – in which targeting can be a key efficacy factor – are at the core of BioAlliance Pharma's therapeutic approaches.

The Company develops breakthrough technologies, whether for mucosal delivery, nanoparticulate formulation or targeted therapies, that make it possible to act precisely on a therapeutic target and to reduce drug resistance and intolerance.

Growth strategy

The Company's growth strategy is primarily driven by the development of its advanced products for orphan diseases in oncology – products with very high sales potential – which benefit from more favorable price and reimbursement policies, and which meet an established and unaddressed therapeutic need for a relatively limited population of patients. Three drugs from the Orphan Products in Oncology portfolio are already at an advanced stage of their development (Phase I to Phase III) and represent major therapeutic advances in their field.

The Company has also developed so-called "specialty drugs" based on Lauriad™ mucoadhesive technology which allow it to raise the efficacy or tolerance profile of an active ingredient for its chosen indication. It has already developed and registered two drugs in Europe and the United States. These drugs have the potential to be marketed by our international partners, mainly via licensing agreements, which will provide revenue in the short and medium term, contributing towards funding for the development of more ambitious products targeting cancers and/or orphan diseases.

These two portfolios of synergistic products allow independent management of advanced Company projects, balanced growth and the spreading of risk.

All of these factors, along with possible acquisitions, will help to ensure the business's future growth.

In the medium to long term, the Company plans to market directly in Europe high value-added products with a strong profitability profile for the treatment of rare cancers and orphan diseases, in order to benefit from the full profit margin generated.

1.1.2 Competitive advantage

Today, the Company enjoys strong competitive advantages:

- A growth strategy founded on two synergistic product portfolios that enable the independent management of projects, controlled expansion and a balancing of risks;
- Unique technological know-how in targeting and fighting drug resistance;
- True development expertise confirmed by the registration of drugs in Europe and the US;
- Continuous access to cutting-edge innovation, reflecting its reputation in the research community;
- Established international commercial partnerships which have already earned the Company more than fifty-five million euros since 2007;
- A portfolio of 380 patents and trademarks, establishing long-term protection for all products developed by the Company;

Growth strategy founded on two independent synergistic product portfolios enabling the controlled expansion of the Company and a balancing of risks

BioAlliance Pharma's growth strategy relies primarily on its portfolio of orphan drugs in oncology. In response to particularly strong medical needs, these medicines are potential blockbusters and represent significant internal driving forces behind growth for the Company. The investments required for their development are partly funded by current and future income from the specialty drugs portfolio, through licensing or distribution contracts.

BioAlliance has structured its portfolio to bring these drugs to market on a gradual basis, through controlled, gradual investment. It mainly targets markets where accelerated development strategies apply (orphan products). The independence of its products in clinical development allows the Company to choose its priorities for acceleration in light of the risks inherent to pharmaceutical research, which helps to limit the consequences of any programme failure.

Product Portfolio

ORPHAN ONCOLOGY PRODUCTS

Product/Indication	Discovery	Preclinical	Phase I	Phase II	Phase III	Registration	Market
Livatag® Liver cancer					→		
Validive® Oral mucositis				→			
BA-015/AMEP® Metastatic melanoma			→				
Irinotecan Transdrug™ Rare digestive cancer		→					

SPECIALITY PRODUCTS

Product/Indication	Discovery	Preclinical	Phase I	Phase II	Phase III	Registration	Market
Loramyc®/Oravig® Oropharyngeal candidiasis						→	Launched Europe/USA
Sitavig® Oral herpes						→ Approved Europe(*) and USA	
Fentanyl Lauriad™ Cancer - chronic pain			→				
Biologics Lauriad Peptides (POC) H1N1	→						

(*) *Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway, Poland.*

The orphan oncology products portfolio includes three advanced drugs: Livatag® (Doxorubicin Transdrug™), developed for primary liver cancer (Phase III); Clonidine Lauriad® (Phase II), for the treatment of post-chemotherapy and radiotherapy mucositis in patients with head and neck cancers; and (AMEP®) (Phase I), an anti-invasive biotherapy for the treatment of metastatic or advanced melanoma. This portfolio also includes several products in preclinical development that rely on breakthrough technologies and nanoparticle know-how, and whose development may be accelerated on the basis of the progress of products further upstream and in light of financial priorities.

BioAlliance Pharma's specialty products portfolio includes two advanced products, Loramyc®/Oravig® and Sitavig®, both registered in Europe and the United States. These two drugs reflect the Company's expertise in preclinical and clinical development and its know-how in registering drugs with the European and US authorities.

Detailed information on these two portfolios can be found in Section 4.2 of this reference document.

In addition to internal developments, the Company has begun an active search for acquisitions in its target field in order to strengthen its pipeline, to increase synergies between projects and to promote its expertise and know-how in development and registration while spreading the risks linked to drug development.

Distinctive technological know-how in targeting and fighting drug resistance

BioAlliance Pharma has developed unique expertise in mucosal targeting with Lauriad™. The Lauriad™ mucoadhesive tablet adheres to the oral mucosa, allowing the rapid and sustained delivery of high concentrations of active ingredient directly to the site of infection. The tablet acts as a reserve and diffuses the active ingredient continuously when in contact with the oral mucosa. Capitalizing on this patented technology, validated by Loramyc® and Sitavig® with chemical molecules, BioAlliance Pharma is developing three other Lauriad™ products and is exploring new avenues of development for the mucosal delivery of complex biological products (Fluriad™ vaccine project).

BioAlliance Pharma is one of the pioneers of intracellular targeting using nanoparticles. Its Transdrug™ nanoparticulate technology, developed with doxorubicin in the treatment of advanced liver cancer, bypasses the mechanisms of multidrug resistance by a protective masking of the anticancer drug, which allows it to reach its target.

True development expertise confirmed by the registration of the two drugs in Europe and the US

BioAlliance Pharma's growth strategy relies on its human capital. Indeed, the expertise and know-how acquired by the teams at BioAlliance Pharma have carried it through every stage of drug development and registration, as with its product Loramyc®/Oravig®, making it truly unique in the field of French biotechnology.

The Company continues to capitalize on the experience of its teams, as it has again recently demonstrated with the registration of Sitavig® in eight European countries (Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway, and Poland) on 19 December 2012 and in the United States on 12 April 2013. Sitavig® is undergoing approval in the rest of Europe.

Continuous access to cutting-edge innovation, reflecting its reputation in the research community

The Company has established long-term relationships with high-level French human health research institutes such as the French National Scientific Research Centre (CNRS), the French National Institute of Health and Medical Research (INSERM), the Ecole Normale Supérieure de Cachan (ENS Cachan), as well as several university research centers, including those at the University of Paris XI, the Institut Gustave Roussy (IGR) and the Pasteur Institute. These relationships give it access to a number of proposed drug development projects aiming to control drug resistance. The Company has thus been able to select innovative programs in close collaboration with top specialists in the field.

Established international commercial partnerships for the two main specialty products, sources of revenue

In regions across the world, BioAlliance Pharma has chosen to rely on strategic commercial partners whose promotional capabilities enable the drugs to reach a wide audience and whose expertise complements its own. Its current partners are:

For Loramyc®/Oravig®:

- Therabel Pharma (Europe/ licensing agreement);
- Vestiq Pharmaceuticals (United States/ licensing agreement);
- In Asia (licensing agreement): Handok (Korea, Taiwan, Singapore, Malaysia and the Philippines, NovaMed (China) and Sosei (Japan);
- Shafayab Gostar (Iran/ distribution contract);

For Sitavig®:

an initial partnership was signed in 2012 for Israel with Abic Marketing Limited, a subsidiary of Teva Pharmaceutical Industries Limited Group.

This marketing strategy for the specialty drugs portfolio, mostly implemented through licensing agreements, allows the Company to generate significant revenues quickly. These contracts usually include upfront payments as well as additional milestone payments and significant royalties on sales of products. Accordingly, Loramyc® has earned more than €55 million for BioAlliance Pharma since 2007.

Additional and detailed information is available on page 64 of this Reference Document.

A portfolio of patents and strong brands, establishing long-term protection for all products developed by the Company

Dedicated to developing innovative products, BioAlliance Pharma makes intellectual property a focus of its operations. It has created a proactive strategy in this area, ensuring a continuous link between its research activities and its patent teams. As at 31 December 2012, BioAlliance Pharma's patent portfolio included 22 families of published patents and licenses, including 271 patent applications and patents on innovative technologies and products. Over 75% of the portfolio consists of issued patents (206 in all).

1.2. Management and supervisory bodies

1.2.1 Board of Directors

Board of Directors at 15 April 2013

Patrick Langlois
Chairman of the Board of Directors and independent director

Judith Greciet
Chief Executive Officer

Independent directors:

Michel Arié

Catherine Dunand

David H. Solomon

Thomas Hofstaetter

Directors representing shareholders:

Financière de la Montagne, represented by Nicolas Trebouta

Kurma Life Sciences Partners, represented by Rémi Droller

Permanent guest member of the Board of Directors:

Russel Greig

1.2.2 Internal governance

Strategy Committee

The Strategy Committee sets the Company's strategy, its major policies and growth scenarios and oversees their implementation. It validates development plans and oversees their implementation. It also defines the Company's HR policy. It meets twice monthly to ensure that the business is being steered in a collegial and cross-functional manner.

Operations Committee

Composed of top management, department heads and R&D operational departments, the Operations Committee sets the operating strategy, systematically reviews and validates progress on projects, and coordinates the teams. It meets bimonthly.

Risk Management Committee

This committee updates the Company's risk mapping and monitors action plans with the departments concerned.

1.2.3 Statutory Auditors

Grant Thornton
French member of Grant Thornton International
100, Rue de Courcelles, 75017 Paris
Represented by Olivier Bochet, member of the Paris Institute of Statutory Auditors.

Ernst & Young Audit
Tour Ernst & Young, Faubourg de l'Arche,
1/2 Place des saisons, 92400 Courbevoie
Represented by Béatrice Delaunay, member of the Versailles Institute of Statutory Auditors.

1.3 Key figures

The table below presents selected financial data extracted from the consolidated financial statements prepared under IFRS for the years ended 31 December 2011 and 31 December 2012.

	31 December 2012	31 December 2011
Net sales	**4,028**	**3,231**
of which non-recurring sales related to licensing agreements	*3,010*	*1,451*
Operating expenses	-15,559	-18,169
of which recurring cash operating expenses (1)	*-14,800*	*-17,262*
of which non-recurring cash operating expenses (1)	*0*	*0*
of which non-cash operating expenses (1)	*-760*	*-907*
Operating income/(loss)	**-11,515**	**-14,938**
Net financial income	-33	316
Net income/(loss)	**-11,548**	**-14,622**
Earnings per share	-0,65	-0,83
Balance Sheet		
Cash	**14,503**	**28,666**
Other current assets	6,077	3,621
Non-current assets	1,540	1,793
Shareholders' equity	11,742	22,902
Payables	10,378	11,178
Cash		
Cash flow	-10,672	-13,807
Changes in working capital	-3,409	-2,227
Net cash generated from operating activities	-14,082	-11,684
Net cash used in investing activities	-63	-161
Net cash used in financing activities	-5	19,564
Change in cash and cash equivalents	**-14,163**	**7,718**

(1) Cash and non-cash operating expenses are not accounting measures defined by IFRS

Notes on the key figures are found in Chapter 3 of this reference document.

2. GROUP ACTIVITY IN 2012

2.1 Significant events in 2012

2.1.1 Group companies

The Group includes the company BioAlliance Pharma SA and its three subsidiaries:

- BioAlliance Pharma Laboratories SAS, a wholly-owned operating subsidiary under French law;
- SpeBio BV, a joint venture under Dutch law, 50% owned, dormant in 2012;
- BioAlliance Pharma Switzerland SA, a subsidiary under Swiss law, wholly-owned, dormant in 2012.

2.1.2 Development of the business and significant events during the financial year

The year 2012 was marked by decisive milestones leading to the future growth of BioAlliance Pharma and the value of its assets, including:

- The progress of clinical developments for the three most advanced products in the portfolio "orphan products in Oncology":
  - **effective Phase III start-up of Livatag®,**
  - active pursuit of and geographic expansion in Europe for the recruitment of Phase II patients for Validive® (clonidine Lauriad®)
  - regulatory approval of the clinical trial dossier for Phase I/II of AMEP®

- **Sitavig® registration in eight European countries in December 2012 and the continuation of registration throughout the rest of Europe and the United States.**

- The vitality of international commercial partnerships, including:

  - **the conclusion of an exclusive partnership agreement with Vestiq Pharmaceuticals for the marketing of Oravig® mucoadhesive miconazole Lauriad® tablets in the United States,**
  - an initial international licensing agreement signed for Israel for Sitavig®, validating its therapeutic and commercial potential,
  - the signing of a distribution contract in Iran for Loramyc® with the company Shafayab Gostar.

A. Strong growth of the orphan products in Oncology portfolio

Livatag® doxorubicine Transdrug™): effective start of the Phase III clinical trial for primary liver cancer

Livatag® (doxorubicine Transdrug™) is a nanoparticle formulated treatment studied in patients with advanced hepatocellular carcinoma.

The international Phase III random trials commenced in June 2012 and aim to demonstrate the effectiveness of Livatag® on survival among nearly 400 patients with hepatocellular carcinoma after the failure of, or intolerance to, sorafenib. In addition to the fifteen centers already established in France in charge of recruiting patients, the Company plans in the medium term to expand to fifty testing centers internationally.

A committee of independent European experts (Data Safety and Monitoring Board, DSMB) chaired by Professor Michel Beaugrand monitors the test continuously. This type of Committee is usually set up in pivotal Phase III clinical trials to ensure patient safety and the integrity of the study's process and to recommend possible amendments to the protocol.

In this regard, six months after the effective start of the Phase III clinical trials, the independent expert committee met on 19 November 2012, and unanimously recommended the continuation of the study without modification of the trials evaluating the efficacy of Livatag®.

Validive®: international Phase II clinical trials

In France, Germany, Spain and Hungary the company is carrying out clinical Phase II trials for Validive® for the prevention and treatment of oral mucositis, which is an inflammation of the oral mucosa very frequent in patients with head and neck cancer treated with radiation.

This opening out to new countries brings the number of trial centers to around forty and makes it possible to extend patient recruitment. Oral mucositis represents a particularly debilitating disease for patients and there exists a significant unmet medical need.

As of 31 December 2012, almost 50% of the planned patient numbers had been recruited (79 patients) and at this point, investigators reported no specific toxicity related to the product and they confirm their interest in the study.

The test will be gradually extended in the coming months to Poland and Switzerland.

In February 2013, the Company also announced the extension of its Clinical Phase II trials of Validive® (clonidine Lauriad™) in the United States in order to optimize recruitment which is scheduled to end in early 2014, with results expected later that year.

It should be noted that in October 2011 Validive® obtained orphan drug status in Europe, which enhances the product's development plans in terms of cost, duration and also strengthens its protection (market exclusivity).

Biotherapy AMEP®: admissibility of the Phase I/II clinical trial dossier, clinical partnership and European patent

In April 2012 the Company announced the admissibility of the Phase I/II clinical trial dossier filed with the ANSM (French health products safety agency) for AMEP®, developed for metastatic melanoma. This Phase I/II study follows the preliminary results of a first positive Phase I trial administered locally (intra-temporal). Carried out on a European level, it now aims to establish a tolerance and efficacy profile of the AMEP® biotherapy administered systemically (intramuscular) for this same indication.

At the same time, the Company announced the signing of a partnership agreement with the Oncology Department of the Copenhagen Herlev Hospital for the clinical development of its biotherapy. The objective is to assess the safety and efficacy of AMEP® in patients with different types of solid metastatic tumors.

Finally, after Asia, the Company received patents in Europe and the United States for AMEP® that provide protection until 2022 and reflect the international recognition of the innovation created by this cancer treatment.

B. Advances in the specialty products portfolio

Sitavig® (Acyclovir Lauriad®), a second product registered in Europe and the admissibility of the registration dossier in America

Sitavig®, the Company's second product using the Lauriad® technology, is intended for the treatment of recurrent labial herpes.

Europe

According to the announced schedule, in December 2012 BioAlliance Pharma obtained registration of Sitavig® for eight European countries: Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway and Poland, thereby validating the drug's clinical interest.

BioAlliance Pharma plans to continue registration applications in other European countries during the course of 2013. The procedure for assessment by the agencies should then take 4 to 6 months.

United States

On 29 May 2012, the Company announced the admissibility of the registration dossier for Sitavig® in the United States by the Food and Drug Administration (FDA) for the treatment of recurring labial herpes. The evaluation of the registration dossier by the FDA is currently underway and its official registration notification is expected in the second half of 2013.

Development progress of Loramyc® in Japan with upcoming registration by our partner Sosei

Under the licensing agreement signed in May 2011 for Loramyc® with the Sosei laboratory, the Company announced on 2 July 2012, that Sosei had completed Phase I clinical trials of Loramyc® in Japan, in accordance with the development plan established to register the drug in this country, and that the results of clinical studies in Europe and the United States could be used for subsequent steps towards development and registration of Loramyc® in Japan.

C. Dynamism of international partnerships

Oravig®: Signature of a licensing agreement in the United States with Vestiq Pharmaceuticals

Following PAR Strativa's strategy development and reorganization marked by a refocusing on its generic products business, in 2011 BioAlliance Pharma negotiated the resumption of all its marketing rights in the United States for Oravig®, approved by the Food and Drug Administration (FDA) in April 2010, and has been actively looking for a new partner.

In September 2012, the Company announced the signing of a licensing agreement with Vestiq Pharmaceuticals to commercialize Oravig® in the United States. This agreement provides for the payment by Vestiq of up to $44 million including non-conditional payments and payments linked directly to revenue. Royalties on revenues are also scheduled. Furthermore, Vestiq becomes the holder of the marketing authorization approval in the United States and as such will support the costs related to the maintenance of this MA.

In January 2013, Vestiq's sales teams started to actively promote Oravig®, targeting prescribing physicians and American wholesalers.

As of 31 December 2012, BioAlliance Pharma had billed Vestiq for $2 million (€1.6 million) for the first product order; payment was received in early 2013. Other non-conditional payments totalling $7 million will be received by BioAlliance Pharma within 24 months of the first payment.

Loramyc®: Signing of a distribution contract in Iran with the company Shafayab Gostar

In October 2012, BioAlliance Pharma signed a distribution contract with the company Shafayab Gostar for the distribution of Loramyc® in Iran.

Under to this agreement, Shafayab Gostar will be in charge of the importation, promotion and marketing of Loramyc® on the Iranian market, once registration procedures have been carried out with the local authorities. BioAlliance Pharma will remain the owner of the product's Iranian marketing authorization.

This agreement paves the way for an expansion strategy into emerging countries in order to optimize the availability of Loramyc® and hence the revenues that can be expected by the Company.

Sitavig®: exclusive licensing agreement signed in Israel with Teva Pharmaceutical Industries Limited

The Company signed a first exclusive licensing agreement in June 2012 with Abic Marketing Limited, a subsidiary of Teva Pharmaceutical Industries Limited, to market Sitavig® in Israel. Sitavig® is an innovative mucoadhesive tablet based on Lauriad® buccal technology.

This agreement provides for the payment by Abic Marketing Limited of an initial signing amount followed by stage payments as well as royalties on sales in Israel. This first licensing agreement with Teva represents a major step for Sitavig® by establishing its importance and its commercial potential.

D. Company financing and new collaborative projects

Subsidies

- Through its "Fluriad™" (Biologics Lauriad®) project, a public-private consortium set up by the Company, in March 2011 funding was received from the Unique Interministerial Fund amounting to €2 million over 30 months with a direct subsidy of €0.6 million for BioAlliance Pharma. This project aims to establish the proof of concept of mucosal administration of biological products, using Lauriad® mucosal technology.
- Furthermore, under OSEO ISI funding of the AMEP® project, in 2012 the Company received the amount of €102,000 corresponding in respect of the start of clinical development of the AMEP® project.
- BioAlliance Pharma signed a marketing insurance contract to obtain a COFACE export guarantee for the financing of its activities abroad. Through this agreement, COFACE commits to covering the expenses incurred by BioAlliance Pharma during the development of export markets up to a limit of €1.3 million. This funding should make it possible to expand Loramyc® sales worldwide, particularly in emerging countries.

E. Governance

Changes in the Board of Directors

ING Belgium, represented by Luc Van de Steen, resigned as director on 17 April 2012, for reasons of internal organization.

Furthermore, following the departure of Mrs. Dominique Costantini on 31 December 2011, the combined shareholders' General Meeting of shareholders of 31 May 2012, appointed Mr. Thomas Hofstaetter as an independent director, bringing the number of independent directors to 5 out of a total of 8 directors.

Mr. Russell Greig was appointed permanent guest member of the Board of Directors at the Board meeting of 17 July 2012.

Additional information on the Board of Directors is available in section 5 of this reference document.

Internal Governance

Mr. Louis Kayitalire joined the Company at the beginning of June 2012 as Director of Research and Development. A member of the Corporate Development Committee, he is particularly responsible for the overall development strategy of BioAlliance Pharma's projects as well as the implementation of development plans from the preclinical phase all the way through to approval.

2.2 Planned developments and future prospects

The Company continues its strategy of value creation based on the development of therapeutic innovations for severe and rare diseases including cancer which it could, in the medium term, exploit directly on the European market or, alternatively, license out to industrial partners.

BioAlliance Pharma will also continue its business partnership agreement strategy with its most advanced products with a view to self-financing R&D investments.

Accordingly, the Company expects the following to provide the main impetus to growth in 2013:

- continuation of the clinical development of three promising orphan drugs:
  - Livatag® (Doxorubicine Transdrug™), intensification of Phase III,
  - Clonidine Lauriad®, continuation and completion of Phase II, the last patient is expected to be recruited in early 2014 and the results later in 2014,
  - AMEP®, start of Phase I.
- the approval of Sitavig® in the United States and in other European countries;
- the signing of new international licensing agreements with suitable partners, especially for the Company's most advanced products.

The Company has also actively begun searching for acquisition projects in its target area in order to strengthen its pipeline, increase the synergy between projects and enhance its expertise and know-how in terms of drug development and approvals, while spreading the risks associated with development.

BioAlliance Pharma considers that, in light of its current activities, it has no specific comments to make on trends that might affect its recurring revenue and its general operating conditions since the date of the last financial year ended 31 December 2012, up to the filing date of the 2012 reference document.

Major future investments, policy towards future financing

The Company's main investments concern research and development expenditure. Given the level of cash available at the end of 2012, the Company could turn to the market to finance its growth or at least its external growth. The anticipated amounts to be received in respect of possible licensing agreements could also finance part of the development of these key programs.

Important events that have occurred since the end of the year

On 25 January 2013, the Company announced the launch of a PACEO®® equity financing facility with Société Générale, as authorized by the shareholders' General Meeting of 31 May 2012, enabling BioAlliance Pharma where necessary to improve its financial flexibility and accelerate its development projects and external growth strategy.

Within this context Société Générale is committed to underwrite at BioAlliance Pharma's request successive capital increases over the next 24 months, in maximum increments of 400,000 shares (or 2.3% of the current capital) and up to a total amount of 1,765,000 shares (or 9.9 per cent of the current capital).

The subscription price will be set at a 5% discount to the weighted average of the 3 trading sessions prior to each newly issued tranche. The new shares are to be sold on the market; Société Générale will not retain the shares.

Furthermore, in mid-April BioAlliance Pharma received marketing authorization in the United States for Sitavig®, a specialty drug used for the treatment of recurrent herpes labialis. After Loramyc®/Oravig®, Sitavig® is the second company product approved both in the United States and Europe, which shows the unique expertise of the company teams and the quality of its R&D. This major event paves the way for discussions with potential partners for the commercial positioning of the product on the world market.

2.3 Social and environmental information

In accordance with the provisions of Article L. 225-102-1, R. 225-104 and R. 225-105 of the French Commercial Code, we are drawing to your attention information relating to our awareness of the social, environmental and societal impact of the company's activities (the "Social and Environmental Responsibility Report").

The information contained in this Social and Environmental Responsibility (SER) Report by BioAlliance Pharma has been established based on internal contributions from the Human Resources Department and Quality Department. Activities are coordinated by executive management. The list of indicators was defined in accordance with the French ministerial decree relating to SER matters.

The information published reflects the company's desire for transparency and its wish to objectively describe its most relevant historic and newly-engaged activities which demonstrate its commitment to SER. The process for collecting SER information and indicators will be reviewed and optimized each year.

The company has taken into account the following elements of the aforementioned decree which are judged to be both relevant and significant in terms of its core business and its current and future challenges:

- Social information: employment, organization of work, industrial relations, health & safety and training
- Societal information: relations with stakeholders
- Environmental information: pollution and waste management

Accordingly, the following sections of the SER decree of 24 April 2012, are excluded due to lack of relevance or information judged to be insignificant in view of scale or effect:

- Greenhouse gases, adapting to climate change: BioAlliance Pharma's activities are not subject to the issues raised by greenhouse gases and its sites are not located in areas subject to major climatic constraints.
- Biodiversity: BioAlliance Pharma is not directly affected by biodiversity protection issues as risks associated with raw materials are limited. By way of example, according to the *Predicted Environmental Concentration* test performed on Sitavig®, the product is not considered to present a risk for the environment following its use on patients.
- Sustainable use of resources, energy consumption, measures taken to improve energy efficiency and use of renewable energy, water consumption and water supply in accordance with local constraints: product manufacturing is subcontracted and the Group therefore owns no production facilities; impact related to these issues is therefore linked to the activities of offices and two R&D laboratories and is therefore limited.
- Land use: the Group's activities do not have any particular impact in terms of land use.
- Visual and noise impact on the environment of the Group's activities: such impact is limited as BioAlliance Pharma does not produce any visual or noise pollution. Moreover, R&D activities are strictly supervised to ensure that there are no emissions of aqueous or gaseous waste from dangerous products (see section on *Pollution and Waste Management*).
- Local economic and social impact: due to the company's size and its small workforce, the impact in terms of employment and regional development, as well as on neighboring and local populations, is insignificant.

The period covered by the data collected is the calendar year 2012. In order to provide a comparative base for the Group's activities, data for the year 2011 is also provided.

The scope of consolidation includes the company BioAlliance Pharma and its subsidiaries within the meaning of Article L.233-3 of the French Commercial Code.

2.3.1 Social information

2.3.1.1 Employment and remuneration

a) Human Resource Policy

BioAlliance Pharma's human resource policy endeavors to support and accompany the Company's momentum and strategy.

By its actions, the Human Resource Department aims at creating the necessary conditions:

- for improving individual and collective performance.
- for colleagues' development by allowing access to training;
- to promote a culture of managerial excellence.

The Company meets all legal requirements for information and consultation of the social partners and maintains with them permanent dialogue and concerted action.

The Company's employment policy is based on objective criteria and individual merit. Professional equality is thus granted to employees without distinction of race, color, religion, sex, handicap, family status, sexual orientation, age and national or ethnic origin.

b) Total number of Company employees as of 31 December 2012:

The total full-time equivalent is 51.8 employed (49.8 permanent, 2 fixed-term and 0 apprentices). This includes 43.4 executives, 8.4 non-executives.

Employee breakdown by gender, age and geographical area.

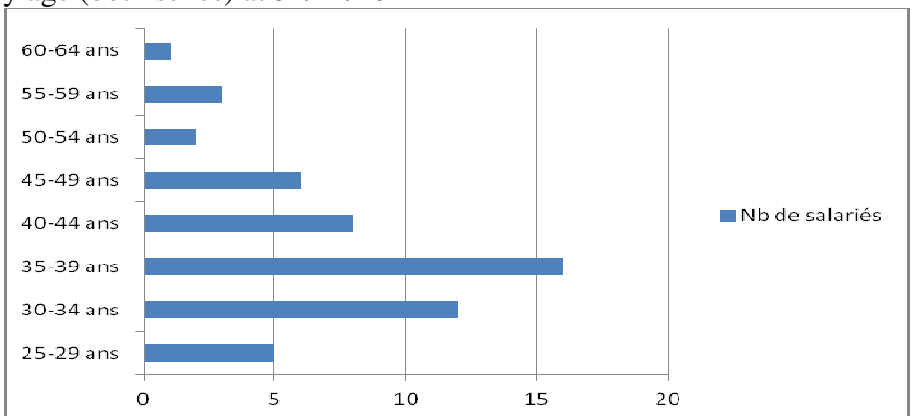
At 31/12/2012, the average age was 39.67:

- 38.71 for women
- 42.12 for men

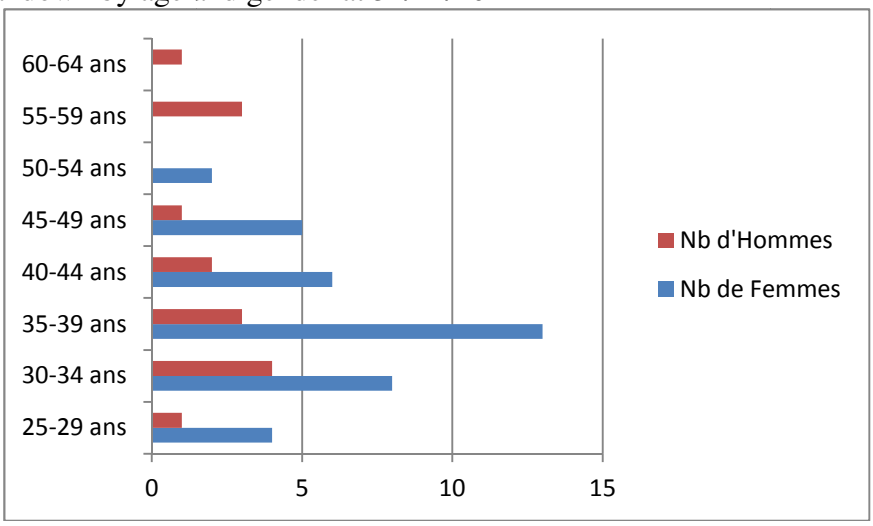
The table below details the distribution within the Group between men and women as of 31 December 2012 by category:

	Women	Men
Executive	31	13
Non-executive	7	2
Total	*38*	*15*
Fixed term	1	1
Permanent	37	14

Breakdown by age (both sexes) at 31/12/2012



Employee breakdown by age and gender at 31/12/2012



100% of employees are based in France.

c) Movement of personnel during the year ended 31 December 2012

At the Company level:

- Hires: 11 employees including 5 permanent and 6 fixed-term.
- Departures: 11 employees including 1 resignation, 7 fixed-terms completed (including 1 early departure), 2 conventional departures and 1 dismissal.

The Company payroll decreased by 16.6% in FY 2012. (see note 11.2 of annex to the consolidated accounts).

The total amount of Group payroll costs changed as below over the two previous completed fiscal years:

	Employee contributions	Employer contributions
2011	€977 751	€2 184 869
2012	€850 136	€1 890 648

With regard to the BioAlliance Pharma Laboratory subsidiary, payroll is non-existent.

d) The remuneration policy within the Company

The BioAlliance Pharma remuneration policy is based on the following three main principles:

- Performance recognition.
- External competitiveness.
- Experience in the job and function

All employees receive a fixed salary and variable compensation directly related to the Company's performance culture.

The table below shows the average increase by status, of employees' base salary of the Group, employed full-time, permanent and registered as of 28 February 2013 (37 executives, 5 non-executives):

STATUS	Average individual increases in 2012	Average individual increases 2011
Executive	3.71%	4.08%
Non-executive	2.75%	1.25%

A salary benchmark was recognized in 2011 for all Company employees. This benchmark revealed that wages at BioAlliance Pharma were broadly in line with the market.

In 2011 a similar proportion of wage increases were found between male and female employees.

All employees on open-ended contracts with at least four months' service also benefit from share subscription option allocation plans passed at Shareholders General Meeting which are implemented each year by the Board of Directors. Accordingly, the General Meeting of 31 May 2012 in its thirteenth and fourteenth resolutions granted authorization to the Board of Directors to award share subscription options with the right to one share each, in two distinct plans; one "Employee" plan with a maximum number of 333,000 options and one "Directors" plan with a maximum number of 110,000 options.

During the fiscal year 2012, the Board of Directors made two such allocations, one for employees totalling 268,000 options with 49 beneficiaries, and one for directors totalling 110,000 options with 2 beneficiaries. These allocations come with an exercise period of 4 years subject to performance conditions being met, which are assessed one year after allocation.

2.3.1.2 Organization of working hours and absenteeism

a) Organization of working time

In accordance with the terms of the *Accord d'Aménagement et de Réduction du Temps de Travail* (working time organization and reduction agreement) of 11 July 2007 (an agreement which cancels and replaces the agreement of 28 February 2002 relating to the same issue), working time within the company is calculated on an annual basis at 218 days per year for all executive grades and on the basis of 36 hours 45 minutes per week for non-executives.

6 employees work on an 80% part-time basis (as of 12/31/2012).

The company makes use of agency staff during peak business periods.

b) Absenteeism

The main reasons for absenteeism for the year 2011 and 2012 were: sickness, maternity and parental leave. On the year ended 31 December 2012, the numbers are as follows:

- Sick leave (4 employees respectively during 1 months, 2 ½ months, 6 months and 7 months including 3 therapeutic part-time leaves),
- Maternity leave accompanied with or without sickness (1 person for 1 month, 1 person for 2 months, 1 person for 4 ½ months),
- Parental leave (1 person for 4 months).

The table below indicates the number of days of absence according to the type and duration of the absence noted in the years 2012 and 2011:

Year 2012	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Sick 1 day	3	3	5	6	**17**
Sick for 2 to 3 days	6	3	9	2	**20**
More than 3 days sick	37	18	19	17	**91**
Total	**46**	**24**	**33**	**25**	**128**
Maternity leave	135	51	0	0	**186**
Leave > or = 1 month	0	0	0	0	**0**
Occupational accident	0	0	0	0	**0**
Part time therapeutic	183	124	22	0	**329**
Declaration on honor	5	2	3	0	**10**

Year 2011	**T1**	**T2**	**T3**	**T4**	**Total**
Sick 1 day	4	0	2	2	**8**
Sick for 2 to 3 days	13	3	13	14	**43**
More than 3 days sick	86	38	107	45	**276**
Total	**103**	**41**	**122**	**61**	**327**
Maternity leave	135	461	313	300	**1209**
Leave > or = 1 month	0	0	243	215	**458**
Occupational accident	0	0	0	0	**0**
Part time therapeutic	0	0	0	92	**92**
Declaration on honor	3	3	0	2	**8**

2.3.1.3 Labor relations

a) Labor relations and summary of collective agreements

Social dialogue is conducted by management with the staff representatives. Employee delegates and Workers' Committee monthly meetings were held during the year ended 31 December 2012.

b) Staff representatives

During the year ended 31 December 2012, the Unique Personnel Delegation was renewed. It includes 2 members of management and 1 non-executive member.

The Company shall ensure that the rights and freedoms of the staff representatives are strictly respected, and that they have the same prospects for professional development and training than other employees.

The management and staff representatives together freely agree upon common provisions ensuring the development of a social policy of quality and progress through the maintenance of a permanent and constructive social dialogue on subjects relating to the Company and its employees.

c) Principle agreements

The main collective bargaining agreements in force within the Economic and Social Unit formed between BioAlliance Pharma and BioAlliance Pharma Laboratories are the following:

- The Reorganization and Reduction of working hours agreement dated 11 July 2007 (agreement superseding the agreement of 28 February 2002);
- A Company Charter covering the employee inventors' initiative, concluded on 17 March 2006 in order to encourage innovation, the core business of the Company;
- The collective agreement dated 11 July 2007, on the change from the collective agreement that applies to the Company, the Collective Bargaining Agreement for Chemical Industries to that of the Pharmaceutical Industry as of 1 October 2007;
- The collective bargaining agreement dated 11 July 2007, on pension and health costs.

Finally, each year the company submits a report to the Works Council summarizing part-time working in the company, employment trends, qualifications, training and salaries, the situation compared to general employment and training conditions for men and women, and measures concerning the employment of disabled workers in the company.

In accordance with Article L.225-37-1 of the French Code of Commerce, the Board of Directors meeting on 15 April 2013 duly took cognizance of this report.

2.3.1.4 Health and safety

a) Occupational Health and Safety (OH&S)

The BioAlliance Pharma Group activities include offices and pharmaceutical product research and development. These activities comprise general risks applicable to any Company (electrical, fire, travel risks...) and specific risks associated with R&D. All of these risks are assessed, managed and controlled by the OH&S system put in place by BioAlliance Pharma and presented below.

- ***Health and Safety Department: presentation and mission.***

To ensure the health and safety (H&S) of its employees, BioAlliance Pharma has a health and safety department which ensures the prevention of occupational risks and the implementation of H&S actions. It is responsible for the prevention and management of the risks inherent in the Company's business.

- ***H&S Policy***

The Company's health and safety policy is based on the following principles:

- the staff operates responsibly and in complete safety;
- the Company strictly complies with H&S legislation;
- H&S is an integral part of all projects, processes, decision-making and planning activities;
- any incidents and H&S issues are deferred and evaluated so that they are accompanied by corrective and/or preventive action;
- the Company promotes a policy of continuous H&S improvement;

With daily attention to the work, health and safety of its employees and the environment, and in focusing on spreading good practices and preventive actions, the H&S policy is an integral part of sustainable development and the corporate social responsibility policy.

- ***H&S performance: evaluation of 2012 H&S activities.***

The main 2012 actions carried out in the H&S field concerned:

- The update of the *Document Unique* for assessment of BioAlliance Pharma's occupational hazards in accordance with the decree of 5 November 2001. The risk assessment methodology has been revised to improve the tool and involve staff efficiently.
- Putting into practice of the 2012 *Document Unique* plans with actions to improve the prevention of chemical risk, prevention of risks stemming from outside firms, verification of the existing H&S system, and training and communication.
- Audits and regulatory controls of electrical installations and fire extinguishers in accordance with standards and regulations in force. These audits resulted in the issuance of Q18 and Q4 certifications.
- Training: the training of personnel is important in terms of risk prevention and aims to meet general safety requirements. The addition of new staff arrivals systematically includes H&S training.
  For staff working in labs, this H&S training is complemented with a part concerning H&S general laboratory, chemical risk prevention and especially biological carcinogenic mutagenic reprotoxic substances, and related equipment.

In addition to the training of new arrivals, H&S training sessions are carried out by the H&S Department. The purpose of these training sessions is to highlight laboratory dangers and risks.

Finally, the H&S Department also conducts information and awareness activities destined for employees.

- Regulatory watch:

A system of legal and regulatory watch in the field of health and safety at work has been implemented at BioAlliance Pharma. This makes it possible to keep up to date regarding regulatory changes affecting the Company.

Prevention and protection in terms of occupational health and safety receives constant attention at BioAlliance Pharma, with many investments having been made in this area, notably concerning the purchase and maintenance of collective and individual protection equipment and expenditure associated with regulatory inspection and assessment. Total H&S investment amounted to nearly €20,000 in 2012.

- ***2013 H&S Program.***

The H&S program has been established to meet regulatory obligations and is designed to achieve continuous improvement.

The main commitments for 2013 include:
- annual update of the *Document Unique* and the putting into practice of the plans contained within it.
- carrying out of internal H&S audits
- H&S training sessions
- regulatory controls and inspections
- H&S monitoring, particularly regulatory monitoring

The 2012 annual report on hygiene, safety and working conditions and the 2013 annual H&S program were presented to the members of the CHSCT (health and safety committee) in accordance with Article L4612 of the French Labor Code. Members of the CHSCT unanimously issued a favorable opinion on the report and the program.

b) Summary of agreements signed with the H&S staff representatives

The CHSCT's rules of procedure were validated on 18 September 2012, by executive management and the CHSCT, and have been implemented.

c) Occupational illnesses and work accidents

The frequency and seriousness rates in 2011 and 2012 both stand at zero. No work accident took place in 2011 or 2012.

An accident is considered to be a work accident, irrespective of the cause, if it occurs due to or during work and affects any salaried or other person working for whatever reason and at whatever location, for one or several employers or managers. A work accident is also any travel accident that occurs over the normal route of the employee between:

- the place of work and their main residence – or their secondary residence if this location is stable in nature (a weekend home, for example) or a place at which they are staying for family reasons;

- the place of work and that in which they normally take their meals (restaurant, canteen, etc.).

The number of occupational illnesses in 2011 and 2012 stands at zero. A work illness results from a person being exposed to a hazard at their work station.

2.3.1.5 Training

a) Development and training

The Company continually strives to offer its employees quality opportunities for training and development which are adapted to the needs of the Company and the specific requirements of each job. These can be divided in two parts: training programs to promote managerial skills and technical training related to the expertise required by different jobs.

b) Investment in training and development

In order to enhance individual and collective performance, the Company's training plan sets out the investments necessary to meet the strategic needs of the Company in the short and medium term.

In 2012, the focus was placed on the following three areas:

- The upgrading and acquisition of the technical know-how required to successfully complete the Company's projects;
- The development of management techniques and practices;
- The improvement of the staff's level of English for those operating in an international environment.

In 2012, the Company therefore spent €100,834 on continuing vocational training, nearly 2.57% of its payroll. This represents an investment in training of €2,459 per trained employee.

During the year ended 31 December 2012, 1,820 hours were devoted to technical training (41 employees trained). No time was used under DIF legislation (individual training rights).

The breakdown of vocational training expenditure, excluding salaries, travel and accommodation, is as follows:

Type/area of training	2010	2011	2012
Management	5,715	25,000	15,447
Job skills training			
Language training	54,324	30,047	68,387
Skills assessment	348	1,620	11,040
Effectiveness and personal development	4,340	2,332	0
TOTAL	**67,377**	**60,349**	**100,834**

During the last two completed fiscal years, the total number of training hours provided for Group employees was as follows:

- 2012: 1,820 hours
- 2011: 1,024 hours

2.3.1.6 Equality of treatment

a) Measures taken in support of equality between the sexes

BioAlliance Pharma is a decidedly feminized Company – 72% women against 28% men on 31 December 2012 - and is representative of its sector.
For information, women represent 58% of the workforce in the pharmaceuticals industry (source LEEM). The distribution of men/women has been stable for more than 20 years.
According to UNEDIC statistics, the distribution of men/women is very different in other industrial sectors and the trend is reversed: there are 29% women against 71% men.

A strong majority of women executives in key positions

- 81.57% of women at BioAlliance Pharma have executive status;
- Several key positions at BioAlliance Pharma are occupied by women:
  - Chief Executive Officer
  - Head of Pre-clinical R&D
  - Head of Clinical Development
  - Head of Legal, Agreements and Licenses
  - Head of Regulatory Affairs
- Hirings for 2011/2012:
  In 2011, 12 executives including 10 women were hired, essentially to strategic positions. For example, the positions of CEO and Head of Clinical Development are now occupied by women.
  In 2012, 2 out of the 3 executives hired were women (Executive Assistant and Clinical Trials Coordinator).
- Promotion and/or position changes:
  BioAlliance Pharma is an organization that makes it possible for its employees to obtain promotion and internal advancement. Since 2011, for example, the following employees have benefited from such measures:
  - Head of Clinical Development (promotion/change)
  - Head of Pre-clinical R&D (scope of responsibilities, size of the team...)
  - Head of Payroll, Administration and Training (promotion/change)
  - Head of Legal, Agreements and Licenses (promotion/change)

b) Professional inclusion of disabled persons

In 2011 and 2012, the Company did not have any disabled employees. However, the Company's employment policy is based on objective criteria and individual merit. Professional equality is shown to all employees irrespective of disability.

2.3.1.7 Fundamental ILO conventions

The company takes care to ensure that it complies with applicable regulations and is not aware of any particular issues on this matter.

2.3.2 Environmental Information

With product manufacturing being outsourced, the Group does not have its own factories. Business activities are centered on offices and two R&D laboratories and, consequently the impact of activities on the environment is limited.

The Company and the Group have a responsible civic-minded attitude aiming to minimize the potentially negative impacts of Company activity on the environment and comply with the principles for the protection of health and the environment.

2.3.2.1 General policy

R&D activities are strictly supervised to ensure that there are no hazardous aqueous or gaseous emissions from dangerous products (see section 2.2. *Pollution and Waste Management*).

Internal BioAlliance Pharma experts are the Health and Safety Department and the Laboratory Manager. Regulatory monitoring is performed jointly by these two departments.

Associated costs regarding air treatment, the accreditation of waste management contractors and the administration of waste monitoring documentation are the responsibility of the Laboratory Manager.

The Company is not subject to the rules applicable to installations classified under environmental protection.

Currently, the company has not commenced any certification process.

a) Training & information for the environmental protection:

The training of each new arrival incorporates environmental awareness. This awareness centers on the management of waste paper and energy savings.

Communication campaigns are also conducted on the theme of sustainable development and energy consumption.

b) Resources devoted to the prevention of environmental risks and pollution.

The resources devoted to the prevention of environmental risks and pollution affect R&D with costs such as:
- central air treatment and conditioning: €6 960.
- waste management by ad hoc providers: €32480.

c) 2.1.3 The amount of provisions and guarantees for environmental risks.

There are no provisions or guarantees related to the environment.

2.3.2.2 Pollution and waste management

a) Preventive measures and reduction of emissions into the air, water and soil.

- *Gaseous releases*

BioAlliance Pharma facilities meet the recommendations issued by the INRS (national institute for research and safety) concerning emission controls.
The R&D laboratory is equipped with an air treatment unit. The laboratory air is extracted only after having been processed by suitable filters including HEPA (High Efficiency Particulate Air). Contaminations generated at workstations are confined and the air extracted at these positions is filtered at a level corresponding to recommendations and guidelines.
The rules of technical controls and maintenance ensure the reliability of the systems in place.
Specific training for the different workstations and procedures put in place are also sufficient to ensure good operating conditions and avoid releases into the environment.

- *Aqueous releases*

No hazardous aqueous effluent is released into the environment by BioAlliance Pharma: all hazardous liquids (waste and unused products) are managed and treated by certified contractors.

b) Recycling and disposal of waste prevention measures.

Data on waste tonnage produced is not consolidated due to their insignificant nature in terms of the company's activities. However, BioAlliance Pharma has implemented measures aimed at improving waste management.

- *Recycling of waste paper and packaging.*

Most waste paper and packaging is sorted and recycled.

- *Disposal of waste (specific pollution).*

Waste in the laboratory is of two types: non-hazardous and hazardous.

Non-hazardous waste does not require special treatment. Hazardous waste, however, is sorted according to the risks presented, is stored securely in the laboratory before contractors specialized in the treatment of chemical and biological waste come to take it away.

2.3.3 Societal information

2.3.3.1 Relations with stakeholders

a) Shareholder and investor relations

All shareholders have access to full, transparent and clear information which is adapted to the needs of the individual and can be used to make an objective assessment of the growth strategy and results of BioAlliance Pharma. This financial communication policy aims to ensure that all shareholders have access to information that complies with usual market practice.

A very diverse array of public documents including regulatory information covering the company's business activities, strategy and financial position are available on the company's website www.bioalliancepharma.com under the heading of *Investors*, in French and English, and on request from BioAlliance Pharma; an e-mail address (contact@bioalliancepharma.com) may be used by those who so wish to receive these documents directly (annual report, corporate brochure and press releases).

Within the context of the regulatory information required of a listed company, BioAlliance Pharma publishes various annual and other periodic information. Financial information is complemented by press releases aimed at the financial community and the wider public, concerning subjects of significant importance for the understanding of the company's business activities and strategy. The company holds periodic meetings with financial analysts and economic journalists in order to explain the company's challenges, products, plans and results.

In 2012, BioAlliance Pharma also held over twenty individual meetings with institutional investors, the majority in France. Furthermore, in order to attract new potential investors and in line with the increasing internationalization of the company, in late 2012 it established a partnership with Trout Group LLC in order to expand its investor relations activities in the United States and Europe.

b) Sponsorship

Currently the company does not pursue any sponsorship activities.

2.3.3.2 Outsourcing

The BioAlliance Pharma Group concentrates its activities and human resources on its expertise in the development and registration of innovative drugs. To this end, it contracts out clinical trial and manufacturing activities, alongside services in the fields of security, premises maintenance and computer maintenance.

The company's products require ever more extensive, and therefore ever more costly, clinical trials as development progresses. Consequently, a product progressing through the various stages of clinical development will require an increasing amount of resources as it nears commercialization. Clinical trials conducted thus far, notably in Europe and the United States, have therefore been mostly performed using the services of subcontractors. The industrial development phase enables production processes developed during preclinical and clinical trials to be reproduced on the large scale, in readiness for product commercialization. In general this phase only commences once product efficacy has been established. The company uses certified subcontractors to carry out these scale changes.

The supplier selection and audit process is carried out in line with pharmaceutical industry regulations, Good Manufacturing Practice, Good Clinical Practice and Good Laboratory Practice.

The company's subcontractors are audited following contract signature and are also a contractual requirement for key production stages and the delivery of outsourced products.

2.3.3.3 Fair commercial practices

a) Adoption of a code of ethics

BioAlliance Pharma shares are traded on the NYSE Euronext Paris Stock Exchange. Accordingly, all activities affecting BioAlliance Pharma shares are regulated, notably the purchase, sale and free allocation of shares and stock options.

BioAlliance Pharma makes it clear to its employees that persons in possession of privileged information that may affect its share price are obliged to refrain from passing on such information, and from performing any transaction involving the company's shares, to the extent that the said information is not in the public domain, under the penalty of administrative, criminal or disciplinary sanction.

BioAlliance Pharma therefore decided to introduce a Code of Ethics in line with recommendation no. 2010-07 dated 3 November 2010 issued by the French financial markets authority, the *AMF*, and in accordance with the Middlenext guide *Gestion de l'information privilégiée et prévention des manquements d'initiés* dated December 2011, which covers the rules that apply to inside information, the duties incumbent on persons in possession of inside information and prevention systems to be implemented by the company.

The Code was adopted by the Board of Directors at their meeting of 17 July 2012, and applies to:
- all salaried persons whose names appear on lists of internal and external persons with access to inside information, namely, and due to the size of the company and of its information circuits, all employees of BioAlliance Pharma and of contractors and consultants working on behalf of BioAlliance Pharma;

- Directors, the Chairman of the Board of Directors, the CEO and Executive Vice President(s).

It is openly available for consultation on the company's website, www.bioalliancepharma.com.

b) Managing conflicts of interest

As provided for by the Board of Directors' rules of procedure, all directors must advise the Board of any actual or potential conflict of interests relating to the agenda before them and abstain from the relevant vote.

c) Consumer health and safety measures

Measures taken to ensure the integrity of consumer health and safety are covered by the company's compliance with Good Manufacturing Practice and Good Laboratory Practice, as well as with French and international regulations relating to clinical trials and the rules of pharmacovigilance summarized in section 4.1.2 of the Reference Document.

d) Protection of human rights

The company strives to comply with applicable regulations and is not aware of any particular issues on this matter.

3 RESULTS AND FUNDING

Financial background

Information describing changes in the financial position and the results of transactions carried out during previous financial years (historical financial data) is incorporated by reference in this document:

- Chapter 3 'Management Report and Financial Position' of the 2011 *Document de référence* filed with the AMF on 24 April 2012, under number D.12 - 0393;

- Chapter 3, 'Management Report and Financial Position', on pages 44 to 74 of the 2010 *Document de Référence* filed with the AMF on 7 April 2011 under number D.11- 0251.

3.1 Financial results

3.1.1 Presentation of individual company financial statements and allocation of income of BioAlliance Pharma

Review of financial statements and results

During the year ended 31 December 2012, the Company achieved revenue of €911,000 against €1,183,000 for the year ended 31 December 2011. This revenue mainly corresponds to the sale of finished products Loramyc® /Oravig® to the licensed partners Therabel and Vestiq, and intra-Group services.

Other proceeds totaled €3,549,000 versus €2,024,000 for fiscal 2011. This significant variation comes from non-recurring payments received from license partners and immediately recorded in the fiscal year.

- a non-conditional amount of €1 million was received from the Therabel Group.

- a non-conditional amount of €1.6 million was received from the Vestiq Group.

Moreover, as in 2012, the Company has continued to recognize a share of the payments received from other products resulting from the signature of partnership agreements (agreements in Asia with Sosei, Handok and NovaMed), with an impact on the 2012 bottom line of €341,000, as well as royalties from sales made by licensed partners.

Operating expenses during the past fiscal year amounted to €17,747,000 compared to €19,432,000 for fiscal 2011. This decrease is the result of strict operating cost controls and general expense optimization, which helped offset the increase in R&D expenditure (+17%) related to the organization of clinical programs and U.S. taxes linked to the submission of the Sitavig® dossier (€1.4 million).

The amount of operating expenses recorded in 2012 is mainly due to the following:

- R&D expenditure reflecting preclinical, clinical and industrial development programs for the product portfolio: €9,258,000;
- other external charges including various fees and various general and administrative expenses: €4,605,000.

The operating result produces a loss of €13,013,000 compared with a loss of €15,233,000 for fiscal 2011.

The financial results showed a profit of €693,000, mainly from net proceeds on the sale of securities, compared to a profit of €261,000 for fiscal 2011.

The current pre-tax losses amount to €12,321,000 compared to a loss of €14,972,000 for fiscal 2011.

Taking into account extraordinary income amounting to €224,000 and exceptional of €300,000, the exceptional result shows a profit of €76,000.

After recording a research tax credit of €1,979,000, income for the period comes in at a loss of €10,418,000 compared to a loss of €14,613,000 during 2011.

Allocation of net income

We propose to allocate in full the loss for the year amounting to €10,417,994.39 to the 'losses carried forward' account, which will thus increase from €99,462,935.15 to €109,880,929.54.

In accordance with the provisions of Article 243a of the French General Tax Code, we remind you that no dividend has been distributed over the past three years.

Non-deductible expenses

In accordance with the provisions of Article 223 quater of the French General Tax Code, we advise that no non-deductible expense has been noted during the past year.

Furthermore, no overheads as per Articles 39-5 and 223 d of the French General Tax Code which are not listed in the special statement have been noted.

Table of financial results

In annex to this report is a table showing the Company results over the last five years, in accordance with the French Commercial Code, Article R. 225-102 al 2.

Acquisitions and takeovers at the end of the year

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, we inform you that during the past year the Company has not taken any equity interest in a Company whose registered office is in France.

Reference to payment deadlines

In accordance with the provisions of article L.441-6-1 of the French Commercial Code, we have provided in the table below the payment terms of the Company's suppliers for the last two years ended.

	12/31/2012		**12/31/2011**	
Balance of payables	3 332479		3 643243	
Provisions for the write-down of non-recoverable amounts	1 956744		1 599488	
Accounts payable	1 375735	100%	2 043755	100%
- Overdue invoices	**515707**	**37%**	**990871**	**48%**
Those of intra-Group	*23 956*	*2%*	*23 956*	*1%*
Those litigious	-	*0%*	*282328*	*14%*
- Invoices payable within 15 days	**613592**	**45%**	**409995**	**20%**
- Invoices payable between 15 and 30 davs	**246435**	**18%**	**642889**	**31%**
of those intra-Group	-	*0%*		*0%*

3.1.2 Presentation of the Group accounts

The BioAlliance Pharma Group consolidated accounts submitted for your approval have been established in accordance with international financial standards (IFRS).

Consolidated accounts show revenue of €4,028,000 against €3,231,000 in 2011. Operating expenses amounted to €15,459,000, a decrease of 15% over 2011 (€18,169,000). The net income showed a loss of €11,447,000 compared to a loss of €14,622,000 for the previous year.

The contribution of individual companies to the consolidated results is as follows:

- BioAlliance Pharma is the main contributor with non-Group revenue of €4,384,000, mainly consisting of revenue recognition of the amounts collected under international licensing agreements for Loramyc®/Oravig. As the Company covered all its own investments in research and development as well as overhead costs, it generated a consolidated loss of €10,271,000.

The Group's three subsidiaries have limited or marginal activity and their contribution to consolidated results is a loss of €23,000.

The main impact caused by the restatement of the accounts under IFRS rules is as follows:
- a charge of €339,000 related to allowance for the warrants and share options as well as the bonus shares issued.

- unrealized gains on Company investments for an amount of €678,000.

We submit these accounts for your approval (Art. L. 225-100, L. 233-16 and R.225-102 of the French Commercial Code).

3.2 Cash flow and financing

This section should be read in conjunction with the figures set out in Chapter 6 of this reference document, and in particular the Consolidated Cash Flow Statement and the Consolidated Statement of Shareholders' Equity.

The Group's financial profile

BioAlliance Pharma is developing a diversified portfolio of drugs and is required to fund clinical trials over the long term, which may sometimes prove long and costly.

The Company's growth model is based on the complementary nature of its two product portfolios.

Regarding the products in its "orphan oncology drugs" portfolio, the Company expects strong medium/long term growth and high profitability that could allow it to market these drugs itself in some areas with a small and highly-focused sales force, thus maximizing its revenues. This does not exclude specific licensing agreements for the marketing these products or for earlier stages.

The "specialty products" portfolio should allow the Company to sign marketing license agreements with partners, as with the first product, Loramyc®/Oravig®. Agreements on this product have allowed BioAlliance Pharma to receive almost €56 million since 2007, providing cash flow for a portion of its R&D investments, and notably the most significant developments of the "orphan oncology products" portfolio. Other agreements should, in the short to medium term, allow the Company to strengthen its cash position periodically through milestone payments, as well as through royalties on sales of licensed products.

Financial situation with regard to the size and complexity of the business

The Group has a positive cash position of €14,503,000 as of the end of the year and has taken on no financial debt, with the exception of repayable aid from the OSEO SME-financing agency amounting to €2,142,000.

Research and development costs

Changes in spending on research and development over the past five years, presented in the table below, reflect the progress of clinical programs and the development of new projects:

R&D costs	(€ thousands)
2008	13 073
2009	9 007
2010	8 563
2011	7.899
2012	9.258

The main research and development costs were related to clinical trials and industrial-scale development of drugs.

The cost of a clinical trial varies but generally remains proportional to the number of subjects involved in the trial. When the development strategy for a new product is defined, trials are initially carried out on a small number of patients before being expanded to a wider patient population if there are no contraindications. The development of the Company's products requires ever broader trials, which therefore become ever more costly as they progress. Accordingly, any product moving through the various stages of its clinical development and as it approaches the marketing stage will require increasingly significant resources. The clinical trials conducted to date, in Europe and the United States in particular, were done using internal resources, through partnerships with public research institutes and also, to a great extent, through subcontracting.

The industrial development phase enables the large-scale reproduction, in anticipation of the marketing of the product, of production processes developed during the preclinical and clinical trials. This phase is generally initiated only when the products have proven their effectiveness. The Company relies on qualified subcontractors to make these changes of scale and, depending on agreements with such subcontractors, decides whether to make specific investments.

Working capital

Since 2007, the Company has spread out the recognition in income of upfront payments received on signature of the licensing agreements for Loramyc®. The amount not taken to income at 31 December 2012 was €716,000, against €609,000 at the previous year end. Under the impact of these deferred revenues, accounts receivables and current liabilities representing the Group's operating expenses, consolidated working capital stood at a negative of €1,094,000 at 31 December 2012 against a negative €4,609,000 at 31 December 2011.

New licensing agreements that the Company will sign on its products over the coming years will influence the development of working capital, with the spread over time of sums received upfront, as well as with the increase in trade receivables commensurate with the growth of partners' sales.

Investments

The Company has made the strategic choice of working with external partners for all its basic research activities, for some of its development activities (clinical studies) and also for the production, storage and distribution of its products. Accordingly, BioAlliance Pharma's activity is not highly capital-intensive, the only fixed assets being various fixtures and fittings, as well as office and laboratory equipment, IT equipment and office furniture. At 31 December 2012, total fixed assets represented a net value of €1,086,000.

In order to prevent its financial resources from being too heavily tied up, the Company gives priority to rental, in particular for the premises of its registered office and laboratory. Accordingly, no heavy capital expenditure is currently planned that would give rise to fixed assets being booked.

Financing

Since its creation, BioAlliance Pharma's growth has been funded by rounds of financing subscribed by financial investors and individuals. Since 2006, the Company has benefited from the exercise of previously issued share purchase warrants and special founders' share purchase warrants. Given the magnitude and growth of research and development costs, the research tax credit is also an important source of funding; the Company also receives public grants and advances.

Funds raised – Equity contributions

The table below summarizes the history of the capital increases carried out by the Company for a total amount of €125.9 million at end December 2012. Three private rounds of financing took place in 1999, 2000 and 2003-2004, bringing in €27 million for the Company. The Company carried out an IPO in December 2005 in compartment C of Euronext Paris, raising €30 million on this occasion. The Company has twice raised additional funds through a private placement reserved for qualified investors, and a capital increase with preferential subscription rights maintained, for a total of €56 million. Finally, the Therabel Group has on two occasions acquired capital in BioAlliance Pharma, totalling €5.5 million, as part of the strategic partnership established for marketing Loramyc® in Europe. The capital increases from which the Company benefits through the conversion of the warrants issued are added to this amount.

Funds raised (in € millions)

From 30 June 1998 to 31 December 2008	104.6
31 December 2009	0
31 December 2010	3
31 December 2011	18.3
31 December 2012	0
Total	**125.9**

In addition to the sums received under the aforementioned licensing agreements, cash contributions by existing or new shareholders have until now been the Company's preferred method of financing; however, the Company does not rule out the possibility in future of using other types of financing, particularly borrowings, depending on specific needs and provided they offer an optimized, competitive advantage.

Research tax credit

In light of the amount of research and development costs incurred, the research tax credit (*crédit d'impôt-recherche*, or CIR) is an important mechanism for the Company in terms of financing.

Between 1999 and 2012, the total amount declared under the research tax credit scheme was €12,925,000, broken down as follows:

(€ thousands)	Before 2008	2008	2009	2010	2011	2012	**TOTAL**
Research tax credit declared	4,286	2,254	1,829	1,456	1,121	1,979	**12,925**

In accordance with legal provisions, the Company expects to receive the 2012 CIR reimbursement of €1,979,000 during 2013.

Grants

In order to optimize and diversify its funding sources, the Company also uses public grants. These are either outright grants received from various French or European organizations or reimbursable advances mostly granted by OSEO. In general, grants obtained by the Company are paid based on the progress of research and development projects, according to actual expenses. As such, the Company regularly submits financial reports to the organizations concerned, based on which the various tranches of funding are paid. In the case of reimbursable advances, a payment schedule is drawn up based on achievement of the milestones defined in the research and development programs being financed. In the event of a total or partial failure, the sums do not usually have to be repaid by the Company.

Between 1999 and 2012, the amount of grants and reimbursable advances obtained by the Company breaks down as follows:

(€ thousands)	Total obtained	Total paid	Total refunded
Grants	3,078	1,845	
Refundable Advances	6,740	2,649	507

In order to finance the development of its ambitious AMEP® project , the Company has set up a collaborative program with two other innovation companies (Oroxcell and Xentech) and centers of academic excellence (Ecole Normale Supérieure of Cachan and Institut Gustave Roussy de Cancérologie). In March 2009 this consortium received a grant of €9.9 million from OSEO, €6.4 million of which was for BioAlliance Pharma. These funds will be awarded over several years in the form of grants and reimbursable advances. In addition, another consortium established by the Company to develop biological applications of the Lauriad™ technology (mucosal vaccine against influenza) received funding in March 2011 from the *Fond Unique Interministériel* [a French program supporting collaborative research projects] in the amount of €1.6 million, of which €0.6 million was for BioAlliance Pharma.

4. FROM RESEARCH TO DEVELOPMENT

4.1 R&D

4.1.1 Principles and Organization

General overview

Research and development are at the core of BioAlliance Pharma's activity. For preclinical, clinical, regulatory and production activities, the Company uses internal resources, partnerships with public research institutes and specialized sub-contractors.

Today, the Company has fifty-five salaried employees with a high level of expertise, responsible for running various activities linked to the registration and industrial protection, as well as strategic marketing, market research and support services (finance and human resources).

BioAlliance Pharma has laboratories at several sites in Paris (including the Faculty of Pharmacy in Châtenay-Malabry and the Company's headquarters). Its employees primarily work at the Company's headquarters in Paris, but also in university laboratories with which the Company works in the Paris region (Ecole Normale Supérieure in Cachan, Institut Gustave Roussy, Châtenay-Malabry and Paris XI).

Research and collaboration agreements

The Company has negotiated collaboration agreements with institutes such as the Centre National de la Recherche Scientifique (CNRS), the Institut National de la Santé et de la Recherche Médicale (INSERM), the Institut Gustave Roussy (IGR), the Ecole Normale Supérieure in Cachan (ENS) and Paris XI University.

Within the context of the above collaboration agreements, the Company makes researchers available to public institutes and finances part of the research expenditure of collaborative programs. The results of this research and the patents derived from it are jointly owned by BioAlliance Pharma and the institutions concerned.

The collaboration agreements are usually accompanied by a license option. If BioAlliance Pharma decides to develop the inventions resulting from this research, a licensing agreement is signed, giving the Company exclusive patent operation rights and generally providing for the payment of royalties to the institutions concerned based on revenues from the product developed.

The licensing agreements signed by BioAlliance Pharma and these institutions are described in section 4.1.4 of this reference document.

4.1.2 Regulatory Framework

Legislative and regulatory provisions defined by the ANSM, the European Commission, EMEA, the FDA and equivalent regulatory authorities in other countries provide a framework for research and development activities, preclinical and clinical studies, regulations applicable to the various facilities, and for drug manufacture and marketing. Regulations applicable to the major markets covered by the Company are based on procedures defined by the *International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use* (ICH).

Health products cannot be marketed in a jurisdiction without having obtained technical and administrative authorization from the authorities of the country in question, and without having at least obtained a prior MA. In order to obtain the MA for a product, the Company must submit proof of its efficacy and safety, as well as detailed information on its composition and manufacturing process. This forms the framework for conducting pharmaceutical development, preclinical and clinical studies.

Broadly outlined, the development of a new drug involves fives stages, from basic research up to its launch on the market: (1) research (*discovery*); (2) pharmaceutical development, preclinical studies and manufacture; (3) clinical trials on humans; (4) application for MA; and (5) marketing. Regulatory authorities request follow-up studies after the drug is launched on the market in order to continue monitoring the effects and the safety of authorized products (pharmacovigilance). Similarly, regulatory authorities may request additional Phase-IV or Phase-III studies on specific groups of patients or impose conditions that may limit the commercial development of products.

The deadlines set by the regulatory approval process may *de facto* reduce the period of exclusive operation of patented products or technologies.

Clinical trials

Clinical trials on humans are normally conducted in three phases known as Phase I, Phase II and Phase III, which are generally sequential but may also overlap.

Phase I: during this phase, the product is usually administered to healthy subjects in order to establish its initial safety profile, identify the side effects at the administered doses and determine its distribution and metabolism.

Phase II: the medicine is studied in a limited group of patients with the targeted disease in order to establish the preliminary efficacy and optimal dosage, and obtain a more precise tolerance profile.

Phase III: large-scale trials are carried out on patients with the disease under study in order to compare the drug with reference treatments and produce enough data to demonstrate that its efficacy and tolerability meet the requirements of regulatory authorities and ensure that the product is used under optimal safety conditions.

Clinical trials are sometimes required after products are launched on the market in order to account for certain side effects, to explore a specific pharmacological effect or to obtain more accurate additional data. These are known as Phase IV trials.

In some cases, regulatory authorities may authorize the combination of Phase I-and Phase-II trials into a single Phase I/II trial by approving a Phase-II protocol, in which the initial patients undergo specific testing for safety of use and tolerance. Phase I and Phase II are combined for instance when the disease makes it inappropriate to conduct Phase-I studies on healthy volunteers, which is the case with some of the Company's products, such as AMEP®.

Similarly, regulatory authorities may authorize the combination of Phase-II and Phase-III studies into a single Phase-II/III trial by approving a Phase-III protocol, in which a limited group of patients receives treatment and the results are evaluated.

Clinical trials must comply with strict legislative requirements and with the norms of Good Clinical Practice (GCP) defined by EMEA, the FDA and ICH, as well as ethical norms defined in the Helsinki Declaration[1] of June 1964.

In Europe, undertaking a Phase I, Phase II, or Phase III clinical trial requires a prior authorization to be obtained from the competent authority in the country or countries in which research is carried out, as well as an opinion of an ethics committee, such as the Comité de Protection des Personnes (CPP) in France, in accordance with European Directive 2001/20/EC. When companies requesting permission to test products submit clinical trial protocols, the regulatory authorities may block or suspend such trials, or demand that major changes be made to the protocol. Furthermore, each ethics committee overseeing at least one clinical site may delay, temporarily halt or permanently terminate a clinical trial if the committee believes that patient safety is at risk, or in the event of failure to comply with the regulatory provisions.

In the United States, an application for an *Investigational New Drug* (IND) detailing the protocols of the planned clinical trials must be filed with the FDA and must receive FDA approval before they can be initiated. Provided the FDA issues no objection, the authorization to launch the IND clinical studies is valid for 30 days after receipt. Validation by an Ethics Committee, the *Institutional Review Board* (IRB), is also required. At any time during this 30-day period or subsequently, the FDA may call for the interruption of the planned or ongoing clinical trials. This temporary interruption is maintained until the FDA gets a response to its request for further information.

Marketing authorizations

In Europe, the United States and Japan, as in many other countries, a national or supranational regulatory authority controls the access to the drug market. In order to obtain an MA under the best possible conditions, the competent authority must be provided with full medical data concerning the new product, including toxicity, dosage, quality, efficacy and safety. The quality of this information is assured by carefully supervised preclinical and clinical studies. The actual size and nature of these studies is determined by a number of factors, including the nature of the disease, the treatment developed, the indications sought and standards of care.

The marketing authorization application file includes the results of preclinical and clinical studies, together with detailed information on the composition of the product, its manufacturing process and quality control. The preparation of these applications and their review by the competent authority constitute an expensive process that may take several years. In Europe, applications are made either to the regulatory authority of a member state of the European Union (the reference State) in order to be recognized in other Member States by means of the mutual or decentralized recognition procedure or, for some products, directly to EMEA via a centralized procedure. The centralized procedure involves an application, a review and a single authorization to market a particular drug in all European Union Member States.

[1] World Medical Association (WMA) Declaration of Helsinki, "Recommendations Guiding Physicians in Biomedical Research Involving Human Subjects."

In the United States, the FDA is the competent authority that grants marketing authorization following a *New Drug Application* (NDA).

Various European and American regulations promote the development of treatments for rare diseases. The FDA grants orphan drug status to any drug aimed at treating diseases affecting fewer than 200,000 people a year in the United States. This status is also available in Europe under a similar law for drugs intended to treat a disease that affects up to five persons out of 10,000 in the European Union and for which there is no satisfactory treatment.

Product pricing and reimbursement

In many markets, drug prices are controlled by the State, which fixes prices or prohibits authorities from reimbursing more than a flat rate, which indirectly leads to the drug being priced at this flat rate. In order to obtain effective market access in France, the cost of the Company's products must be borne by the hospital (following approval for local authorities) or reimbursed via the social security system. Drug prices are negotiated with the Comité Economique des Produits de Santé (economic committee for healthcare products) after the Commission de Transparence (transparency commission) has given its opinion.

In the United States, although pharmaceutical laboratories may freely establish prices for their products, federal and local initiatives aim to lower the overall cost of healthcare. The American Congress and the lawmakers of each State are likely to continue their efforts towards reforming the healthcare system, including Medicare and Medicaid, and controlling the cost of prescription drugs. In the United States, the development of private health maintenance organizations (HMOs), which have a substantial influence on the purchase of healthcare services and therapeutic products, could also contribute to lower prices by imposing discounts or special price reductions on the Company’s products in order to avoid their exclusion from the lists of recommended products drawn up by HMOs.

Specific status applicable to pharmaceutical laboratories

In France, the Company has obtained approval for its operating subsidiary, Laboratoires BioAlliance Pharma, to market the Group’s products through a dedicated operating organization.

In the United States, the FDA will be mandated to inspect the sites of production of the Company's products in order to ensure that they comply with GMP norms before granting marketing authorizations for these products. After a marketing authorization is received, the authorities regularly inspect production sites to verify regulatory compliance, particularly concerning quality control and record keeping. Failure to comply with these regulatory requirements may result in criminal or administrative penalties for the manufacturer, such as the suspension of production and product withdrawal.

Environmental, health and safety regulations

The Company is also subject to environmental, health and safety laws and regulations that apply, inter alia, to the use, storage, handling, unloading and disposal of hazardous substances such as chemicals and biological products. These regulations therefore have a very significant impact on the Company's operations. Federal, national, and local authorities have extensive powers in each of these areas and have the right to impose sanctions in the event of any violation.

4.1.3 - Research & Development Projects

BioAlliance Pharma develops a diversified and balanced product portfolio in the field of orphan pathologies in oncology and associated pathologies. It is developing innovative products for the treatment of resistant cancers and severe diseases (e.g. primary liver cancer and invasive melanoma) which require new therapeutic approaches and constitute markets with a significant potential. It is also developing supportive care in oncology drugs based on the Lauriad® technology which aims to enhance the quality of our products in oncology.

At the time of completion of this reference document, this portfolio consists of the following main products:

Products registered/ undergoing registration

a) Loramyc®/Oravig®, for the treatment of oropharyngeal candidiasis, marketed in France, Germany, Italy, the Unites States, and registered in twenty-six countries (Europe, Korea, United States);

b) Sitavig® (Acyclovir Lauriad®), for the treatment of herpes labialis, registered in the United States and in eight European countries (Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway and Poland)/ registration pending in the rest of Europe.

Products in clinical phase I II or III

c) Livatag® (Doxorubicin Transdrug™) for the treatment of advanced primary liver cancer: Phase-III trial commenced in June 2012;

d) Clonidine Lauriad®, ongoing Phase-II clinical trial for the prevention and treatment of mucositis induced by radiotherapy in the presence of absence of chemotherapy in patients with head and neck cancer;

e) AMEP® innovative biotherapy for the treatment of invasive melanoma, with the approval of the clinical trial Phase I/II filed (ANSM), obtained in June 2012 from the French drug administration (the ANSM) and in May 2012 from the Slovenian drug administration.

Preclinical phase products

f) Irinotecan Transdrug™, an oral anticancer drug using Transdrug™ nanoparticle know-how;

g) Fentanyl Lauriad®

h) Fluriad™, (Biologics Lauriad®).

Each of these products is presented in detail in section 4.2 of this reference document.

4.1.4 Intellectual Property, Patents and Licenses

Patents

Intellectual property is a key asset of the Company and lies at the core of its research and development projects. As of 31 December 2012, BioAlliance Pharma's patent portfolio consists of 22 families of published patents concerning innovative products or technologies. The 22 patent families cover 271 patents and patent applications, including 206 delivered patents - i.e. nearly 75% of the portfolio - which provide international and long-term protection for BioAlliance Pharma assets.

BioAlliance Pharma's policy regarding intellectual property consists of (i) submitting new patent applications regularly in order to protect its technologies, products and manufacturing processes, (ii) extending this protection to the countries likely to constitute a favorable market or a generic risk and (iii) continuous monitoring in order to take action against any breach of its patents or trademarks.

The length of protection conferred by a patent family is generally twenty years as of the date of submission of the international patent application. This protection may be prolonged in certain territories, including the United States and Europe, depending on the currently applicable legislation. The protection conferred can vary from one country to the next depending on the examination procedure specific to each state.

Finally, in the specific case of orphan medicines, the authorities have scheduled additional protection in the form of commercial exclusivity for ten years in Europe and seven years in the United States in order to encourage laboratories to intensify investment and developments in areas where the number of patients is limited.

Concerning the Company's products that are marketed or that are undergoing clinical development, the "patents" portfolio presented below provides the expiration date and the holders of the various families of patents as well as the conditions of use, when the rights of use have been acquired by BioAlliance Pharma through a licensing agreement ("In-licensing").

Reciprocally, BioAlliance Pharma has granted marketing rights (“Out-licensing”) on the products Loramyc®/Oravig®, described in Section 4.2.2 of this reference document.

"Patents" portfolio for products that are marketed or undergoing clinical development

Product	**Main therapeutic areas**	**Expiration dates of patent families**	**Holders of patent families**	**Conditions of use of patent families by BioAlliance Pharma** ***("In-licensing")***
Lauriad® technology: mucosal targeting technology, oral mucoadhesive tablets				
Loramyc®/ Oravig®	Oropharyngeal candidiasis	2022	BioAlliance Pharma 4 patent families Patents delivered in numerous countries	
Sitavig®	Prevention and treatment of oral herpes.	2027		
Clonidine Lauriad®	Treatment of mucositis	2029 (if delivered)		
Transdrug ™ Technology: nanoparticle technology for intracellular targeting				
Doxorubicin Transdrug™ (Livatag®)	Treatment of primary liver cancer	2019 (or 2032 if delivered)	BioAlliance Pharma 2 patent families delivered	Not applicable
AMEP® biotherapy: molecular targeting technology				
AMEP®	Treatment of invasive melanoma	2022 (or 2028 if delivered)	3 patent families Main patent: BioAlliance Pharma Initial patent: INSERM Secondary patent: -BioAlliance Pharma - Institut Gustave Roussy - CNRS	BioAlliance Pharma has acquired the exclusive global license, signed together with INSERM, for AMEP® rights. These rights of use have been granted in exchange for payment by BioAlliance Pharma of (i) *flat fees* once certain stages of the development and marketing of AMEP® had been reached and of (ii) *royalties on sales* for the entire duration of the initial patent. BioAlliance Pharma is currently negotiating a co-ownership agreement with CNRS and the Institut Gustave Roussy on the secondary patent.

Trademarks

The protection of trademarks varies from country to country. In some countries, this protection is essentially based on the use of the trademark, whereas in others it only results from registration.

Rights on trademarks are obtained through national trademarks, through international registrations or through community trademarks. Registrations are usually granted for ten years and are indefinitely renewable, although in some cases, their continued validity depends on the continuous use of the trademark.

BioAlliance Pharma's trademarks are the names of the products that are marketed or that are undergoing clinical development as well as the names of its proprietary technologies Lauriad® and Transdrug™, the name of the company and its logo.

These trademarks benefit from a protection for the pharmaceutical products included in class 5 of the international classification for products and services.

"Trademarks" portfolio for products that are marketed or under clinical development

Trademarks	**Products**	**Main countries in which the trademark is registered or pending registration**
Loramyc®	Miconazole Lauriad®	Europe, United States, Canada, China, Japan, India, Singapore, South Korea, Hong Kong, Malaysia
Oravig®		United States, Japan
Sitamic®		Europe, Japan
Sitavig®	Acyclovir Lauriad®	Europe, United States
Validive®	Clonidine Lauriad®	United States, Europe, Japan, China, Canada
Livatag®	Doxorubicin Transdrug®	United States, Europe, France, Japan, Canada
AMEP®	AMEP®	France, United States, Japan

BioAlliance Pharma defends its trademark rights by opposing identical or similar trademark registration applications and, if necessary, will initiate lawsuits in order to have its rights recognized.

4.2 PRODUCTS AND MARKETS

The Company has developed two strategic portfolios targeting orphan disease in oncology and specialty markets. The Company is seeking to develop innovative medicines, in order to meet currently unmet medical needs through its technological know-how and innovative R&D programs.

According to IMS Health data, the world market for medicines totaled 956 billion dollars in 2011, an increase of 8.5% (+5.1% at constant exchange rates, based on Q4 2011).

Cancer treatment constitutes the main global market with a turnover of 62 billion dollars in 2011 and a growth of 5.5% compared to the previous year. In its study entitled "The Global Use of Medicines: Outlook Through 2016", IMS Health estimates that the sale of anticancer drugs will reach between 83 and 88 billion dollars in 2016 representing a market with an attractive growth rate.

4.2.1 Portfolio of Orphan Products in Oncology

In Europe, the orphan status is obtained for a medicine used in a pathology affecting less than 5/10,000 people. This status allows favorable measures to be applied in terms of clinical development (optimized development regarding time and cost), additional protection with a commercial exclusivity of 10 years after MA and a favorable price, generally identical or similar in major European countries.
In the United States, the orphan status is obtained for pathologies affecting less than 200,000 people and the commercial exclusivity is for seven years.

4.2.1.1 Livatag® (Doxorubicin Transdrug™) and the hepatocellular carcinoma market

a) Pathology

Hepatocellular carcinoma (HCC) develops from liver cells (hepatocytes) and represents 85% of primary liver cancers. In the great majority of cases (>90%), HCC occurs when the liver is already abnormal (cirrhosis). Risk factors are well established:

- Infection with hepatitis B and C viruses is the source of 80% of liver cancers. This is why the areas where the infection is endemic, such as Asia, are the most affected by HCC;
- Consumption of large amounts of alcohol, because of its implication in cirrhosis, is also an HCC risk factor which contributes more extensively in Western than in Asian countries;
- Metabolic disease, and in particular obesity, are a growing cause of cirrhosis and HCC.

Most HCCs are diagnosed at an advanced stage because the tumor progresses without any visible clinical manifestations in the early stages. In addition, the first symptoms or signs are usually not specific to HCC but to the associated cirrhosis and may suggest other pathologies.

b) Epidemiology

According to Globocan data (2008 data extrapolated for 2010), liver cancer is the 6th most common cancer in terms of incidence (784,000 new cases in the world, 5.9% of all new cancer cases) with the 3rd highest mortality rate (728,000 deaths, 9.2% of the total). A very close 1:1 ratio between mortality and incidence makes it one of the most aggressive cancers along with that of the pancreas. Over ¾ of patients are diagnosed in Asia, and particularly in China (402,000 new cases) which accounts for half of the new cases. The European Union has a total of 48,000 new cases and the United States 21,000. The concentration of cases in Asia, and particularly in China, is of course explained by demography but also and above all by a high prevalence of viral hepatitis B and C.

The incidence rates for liver cancer vary greatly depending on geographical area: whereas the average global rate is 10.8/100,000, it is 14.8/100,000 in Asia and 25.7/100,000 in China. In Western countries, the incidence is half that of the global average, namely 4.7/100,000 in the European Union and 4.5/100,000 in the United States.

In its 2012 issue, the Facts & Figures Report of the American Cancer Society indicated 28,720 new cases of liver cancer in 2012, against 21,370 in 2008, representing an increase of 34% in the United States.

Other US data (SEER: Surveillance Epidemiology and End Results) reported a very low 5-year survival rate: at 16% for patients diagnosed with liver cancer compared to 66% for all cancer patients. In the metastatic phase, the 5-year survival rate drops to less than 3%. These figures are linked to the scarcity of effective medicines, particularly due to resistance to chemotherapy.

c) Competition

<u>Existing forms of treatment</u>

The first HCC treatment possible is surgical resection to remove the whole tumor. However, due to late diagnosis of HCC, the tumors are often large and numerous and only 15 to 20% of patients can undergo such surgical treatment. Liver transplantation is rarely offered because of the scarcity of grafts and the very strict allocation rules applied.

For patients who cannot have surgical treatment, there are four alternative therapies:

- Radiofrequency: this involves the thermal destruction of the tumor (using electric current) but this technique is limited to mostly single tumors usually not exceeding 3cm.
- Intra-arterial chemoembolisation: arterial injection of an obliterating agent in tumor blood vessels whether or not associated with doxorubicin (or cisplatin) allows the survival time to be prolonged in certain categories of patients. This is associated with complications that lengthen hospital stays in over 30% of patients;

- Systemic (intravenous) chemotherapy has limited efficacy due to chemoresistance and systemic toxicity. It is seldom used nowadays;
- Sorafenib (Nexavar®, Onyx / Bayer), a product derived from biotechnology active on multiple kinase targets (RAF kinase, VEGFR Kinases), is indicated for the treatment of HCC (as well as renal cancer). It prolongs survival compared to the placebo in patients with compensated cirrhosis who cannot receive any other form of treatment.

The problems involved with the treatment of HCC and the associated high mortality rate are attributable to various factors such as cirrhosis, which limit treatment options. In addition, primary liver cancer is a cancer that is resistant to chemotherapy.

Cancer resistance, whether arising spontaneously or acquired over time, represents a major challenge in the fight against this type of disease. Currently, multi-drug resistance is the principal reason for failure of chemotherapy. Multi-drug resistance of certain tumor cells after repeated cycles of chemotherapy makes these cells insensitive to any other form of therapy.

One of the causes of this type of multi-drug resistance is the activation of a family of transmembrane transport proteins. These proteins are activated under the influence of a multi-resistance gene called MDR-1. These proteins actively reduce the concentration of intracellular cytotoxic agents by rejecting them outside the target cell as soon as they enter. These proteins act as bona fide pumps by preventing the cytotoxic agent from exerting its therapeutic action.

There is therefore an unmet medical need for effective therapy and new treatment strategies for the management of HCC. In preclinical trials, Livatag® has shown its ability to circumvent this efflux pump, allowing the product to permeate and remain in the cancer cell to exert its action.

Competitor products currently being developed

Currently in Phase III:

- Tivantinib (Daiichi Sankyo), selective inhibitor of c-MET tyrosine kinase receptors, in Phase II it showed signs of efficacy in inoperable patients (second line after Nexavar®). At the end of 2012, the product was about to enter Phase III.

- Ramucimurab (Eli Lilly), an anti-VEGFR-2 monoclonal antibody, being studied as second-line therapy after Nexavar®.

- Linifanib (Abbott), a tyrosine kinase inhibitor of several receptors of the VEGFR and PDGFR families, is currently in Phase III versus Nexavar®

- ADI - PEG 20 (Polaris Group), an arginine-degrading enzyme, administered intramuscularly

In Phase II:

- Pexa-Vec (JX-594, Jennerex), is an oncolytic virus currently in Phase IIb with patients in second-line therapy after Nexavar®.
- Inlyta® (axitinib, Pfizer), already approved for renal cell carcinoma, studied in patients with advanced HCC having antiangiogenic treatment failure
- Afinitor® (everolimus, Novartis), currently being studied in association with trans-arterial chemoembolization (TACE)

We will also mention the negative results from two Phase III trials with brivanib (BMS) versus Nexavar® (BRISK-FL trial) and post Nexavar® (BRISK-PS trial).

d) Livatag® (doxorubicin Transdrug™)

Livatag® (Doxorubicin Transdrug™), the leader of the orphan products in oncology portfolio, corresponds to a doxorubicin formulation in the form of lyophilized nanoparticles of polyisohexylcyanoacrylate (PIHCA).

This new therapeutic approach, initially derived from Professor Couvreur's research at the Châtenay-Malabry faculty, allows drug resistance to be avoided by short-circuiting the mechanisms of multi-drug resistance developed by tumor cells through the masking of the anticancer agent. Acting as a Trojan horse, the nanoparticle formulation avoids rejection of doxorubicin outside the cell so that it can exert its cytotoxic action. By specifically targeting tumor cells in the liver and overcoming resistance to doxorubicin, Livatag® (Doxorubicin Transdrug™) represents a significant breakthrough in the treatment of this cancer. The first indication of this product is hepatocellular carcinoma; the fifth most widespread cancer in the world and the third cause of cancer-related death.

The efficacy of Livatag® (Doxorubicin Transdrug™) has been demonstrated in preclinical models of resistant cancers *in vivo* and *in vitro*, its superiority over free doxorubicin having been established. This form of doxorubicin has obtained the status of orphan medication in Europe and the United States.

In a Phase-II trial, Livatag®, administered by hepatic intra-arterial route in the form of repeated treatment in HCC patients has been assessed in comparison with the existing standard of care, essentially consisting of intra-arterial chemoembolisation. The endpoints concerned efficacy and tolerance, with efficacy being judged by the absence of progression at three months and survival.

On 16th July 2008, BioAlliance Pharma announced the suspension of this trial, in accordance with the opinion of the Drug Safety Monitoring Board (DSMB) and the Steering Committee which had been monitoring the progress of this trial. On the basis of the preliminary results, the Drug Safety Monitoring Board and the Steering Committee observed a clinical benefit but also acute pulmonary intolerance of unexpected frequency and gravity. They therefore recommended the suspension of the trial.

This type of acute pulmonary lesion was observed at the time of the Phase I/II trial at 35mg/m2 (the toxic dose limit) but was not observed at 30mg/m2, the dose chosen for repeated administration in subsequent development stages.

The Company has continued follow-up of patients included in this trial during 2009 and 2010, which revealed positive results in terms of survival with a median survival of 32 months in patients who had received Livatag® by the hepatic intra-arterial route versus 15 months in patients having received the standard treatment (arterial chemoembolisation). These results were presented at the ILCA Congress (International Liver Cancer Association) in September 2011 and the AASLD Congress (American Association for the Study of Liver Diseases) in November 2011.

At the same time, BioAlliance Pharma continued studies aiming to control more effectively the respiratory side effects observed in 2008. The Company has developed a new and validated administration scheme in animals allowing the significant reduction of acute side effects in the lungs, which had led to the interruption of the trial.

In view of this new data, the ANSM has given its authorization for a Phase-III clinical trial in patients with advanced stage HCC, after failure with or intolerance to sorafenib (ReLive study). The first patient was enrolled in the Phase III study in June 2012. In November 2012, a committee of independent experts (DSMB) reviewed the tolerance data of the first patients included in the study and gave its approval for the continuation of the trial without modification.

4.2.1.2 Validive® (clonidine Lauriad®) and the oral mucositis market

a) Pathology

Oral mucositis consists in erythematous and ulcerative lesions of the oral mucous membrane which affect cancer patients treated by chemotherapy and/or radiotherapy.

The occurrence of mucositis is directly linked to the intensity of the dose and the type of chemotherapy administered and/or the radiotherapy protocol.

Other than being painful, the consequences of mucositis are difficulty ingesting food, which may require parenteral or enteral feeding, infections linked to mucositis which can in turn lead to septicemia during periods of severe immunosuppression. This complication of cancer treatment leads to hospitalization in 30% of cases and sometimes to stopping the cancer treatment protocol for periods of varying length, thus reducing its effectiveness.

Consequently, the patients' quality of life is affected, the periods between treatment cycles are longer and the doses are reduced, resulting in longer hospital stays and less effective treatment. This disease also involves a major healthcare cost.

b) Epidemiology

Patients suffering from head and neck cancer are particularly at risk of developing oral mucositis following treatment by radio-chemotherapy.

Recent studies have shown that 29% to 66% of patients treated with radiotherapy for head and neck cancers, 75% to 80% of patients receiving high doses of chemotherapy associated with the transplantation of hematopoietic cells and 51% of patients with solid tumors treated by chemotherapy suffered from severe oral mucositis.

c) Competition

Existing forms of treatment

There is currently no effective local treatment for oral mucositis. Until now, the only drug with approval for this indication is Kepivance® (palifermin), an effective growth factor in patients with mucositis due to high doses of chemotherapy before the transplant of hematopoietic cells. This medication is administered in an injectable form. The safety of this class of growth factors has been called into questioned in patients who have non-hematological malignant pathologies.

Treatment today is therefore essentially palliative in nature. It consists in trying to relieve pain due to oral mucositis with topical pain-killers containing lidocaine, often together with systemic pain-killers such as morphine and its derivatives. The recommendations are food supplementation, liquid feeding, catheter or intravenous feeding, oral decontamination, and the treatment of xerostomia and hemorrhage.

Among therapies without active molecules (status of medical devices) but aiming to protect the mucosa, one can identify Caphosol® (EUSA Pharma), a solution of calcium and phosphate ions, MuGard® (Access Pharmaceuticals), a solution that forms an aqueous gel; Gelclair® (Helsinn / EKR Therapeutics), an oral bioadherent gel and Episil®, a bioadhesive lipid-based liquid film (FluidCrystal® technology) developed by Camurus and licensed to IS Pharma for commercial use in Europe.

Competitor products currently being developed

- Saforis® (MGI Pharma / Eisai), oral solution containing L-glutamine (Phase III);
- CB-1400 (oltipraz, Canopus Biopharma), product for local application for the prevention and treatment of oral mucositis (Phase IIa).
- AG013 (ActoGenix) completed a Phase I trial in August 2012.

d) Validive®

The Company is developing Validive® (clonidine Lauriad®) for the prevention of oral mucositis after chemotherapy and radiotherapy in patients with head and neck cancers. This is a new therapeutic application of clonidine, which the company has patented, based on the mucoadhesive technology Lauriad®.

Clonidine is traditionally used to treat high blood pressure since it stimulates the alpha-2 adrenergic receptors in the brain and lowers the release of catecholamines in the blood pressure control centre. This leads to a decrease in peripheral resistance and thus a lowering of blood pressure, as well as a reduction in heart rate and renal vascular resistance.

However, clonidine also acts as an agonist of the alpha-2 adrenergic receptors on leucocytes and macrophages, thereby decreasing the expression of the pro-inflammatory genes and the release of cytokines IL6, IL1β and TNFα. This effect leads to a reduction in the pro-inflammatory mechanisms. It also acts on the anti-inflammatory mechanisms by increasing the release of TGF β.

Clonidine therefore has the following properties:

- Painkilling properties due to changes in the inflammatory response and its direct action on nociceptors;
- Anti-inflammatory properties due to its action on the expression of pro-inflammatory genes and the release of cytokines IL6, IL1 β and TNFα as well as the release of TGF β.

In December 2009, the Company received the go-ahead from AFSSAPS (French agency for the safety of healthcare products) for its Phase II clinical trial on Clonidine Lauriad® for post-chemotherapy and radiotherapy mucositis. The recruitment of the first patients began in April 2010 and is ongoing in France, Germany and Spain.

In October 2011, Validive® obtained the status of orphan drug from the European agency.

In light of positive feedback on the progress of the clinical trial underway, the company decided to open new study centers in other European countries (Poland and Switzerland) and the United States in order to accelerate patient recruitment in 2013.

4.1.2.3 AMEP® and the metastatic melanoma market

a) Pathology

There are three types of skin cancers: basocellular carcinoma, which is the most common, never gives rise to metastasis and can be healed by removal in the dermatology surgery; spinocellular carcinoma, which can also be cured by surgery but may spread to the nodes; and melanoma, which is the most serious form of skin cancer, due to its capacity to induce metastasis. It can only be cured if treated in the early stages, before it spreads.

Melanoma, linked to sun exposure and other less well-known factors, is one of the tumors the incidence of which has increased most drastically over the last 25 years.

b) Epidemiology

The incidence[2] of melanoma has doubled in 10 years; melanoma affects 10 out of every 100,000 inhabitants in Europe and 25 out of every 100,000 inhabitants in Australia, which has the highest rate of melanoma alongside New Zealand (Globocan, 2008). It is estimated that the risk for an American to develop a melanoma is 1 in 34. The incidence of melanoma in the 7 major markets (top-5 Europe + United States + Japan) is in the order of 115,000 cases in 2009 and should reach 200,000 cases in 2019, with a little over half of the cases in the United States. Mortality should remain approximately stable, with around 20,000 deaths per year, thanks to screening and early diagnostic strategies which have allowed a significant increase in global survival.

[2] 2008 Globocan data

c) Competition

Existing forms of treatment

In 2011, two new treatment protocols indicated for metastatic melanoma arrived on the market: ipilimumab (Yervoy®) by BMS and vemurafenib (Zelboraf®) by Roche. Both products have been approved and launched in the United States and obtained European MA at the end of 2011 for the first and in early 2012 for the second. In 2012, ERIVEDGE (vismodegib), a hedgehog pathway inhibitor, was approved by the FDA for the treatment of locally advanced or metastatic basal cell carcinoma.

These drugs therefore reinforce the therapeutic arsenal which up until then very limited with aldesleukin (Proleukin® Chiron / Novartis / Prometheus) and dacarbazine (DTIC-DOME, Bayer and Deticene®, Sanofi Aventis), approved for this indication, and temozolomide (Temodar®, Schering-Plough) which is not approved for this indication but is also used for melanoma.

Competitor products currently being developed (Phase III):

- Abraxane® (nanoparticles of paclitaxel linked to albumin, Abraxis / Celgene)
- Dabrafenib (GSK), a kinase BRaf protein inhibitor
- Trametinib (GSK), an MEK protein inhibitor
- Taxoprexin® (Luitpold Pharmaceuticals), a paclitaxel and DHA complex
- Allovectin-7® (velimogene aliplasmid, Vical Inc), an immunotherapeutic agent
- Astuprotimut-R (or MAGE -A3 antigen vaccine, GSK), a vaccine aiming to stimulate the immune response against tumors that express the antigen MAGE-A3
- OncoVex GM-CSF (talminogene laherparepvec, Amgen/BioVex), end of Phase III study during 2014.

It should be noted that Genasense® (oblimersen sodium, Genta), which was in Phase III, has not achieved its primary efficacy endpoint and that the association of Dabrafenib with Trametinib was submitted to the FDA in 2012 and could receive approval during 2013.

d) AMEP®

BioAlliance Pharma is developing an innovative biotherapy, AMEP® for the treatment of advanced or metastatic melanoma. AMEP® binds to cellular receptors called integrins, which are present both on the endothelial cells of neovessels and on tumor cells. AMEP® has an original mechanism of action that targets specific receptors, integrins αvβ3 (alpha-v-beta-3) and α5β1 (alpha-5-beta-1), involved in both tumor growth and tumor angiogenesis.

The *in vitro* study results presented by the Company to the ESGCT[3] in October 2007 show that AMEP® inhibits both the proliferation and invasion of endothelial cells responsible for the formation of neovessels. It also inhibits the proliferation and migration of melanoma cells.

The results presented at the ASGT[4] meeting in Boston, in June 2008, show the efficacy of AMEP® when administered to animals by the general intramuscular route: AMEP® induces a 53% inhibition of tumor growth (proof of concept established in a melanoma model).

New results presented at the ESGCT[5] congress in 2009 show that administration of the AMEP® biotherapy in a human xenograft melanoma model can significantly reduce tumor growth and angiogenesis, leading eventually to complete tumor regression. Furthermore, the efficacy of AMEP® is significantly higher than that of temozolomide, the reference chemotherapy used for the treatment of metastatic melanoma.

In December 2009, BioAlliance Pharma initiated a Phase-I clinical trial on AMEP® for invasive melanoma in France, Denmark and Slovenia.

This first Phase-I study was designed to evaluate the safety of AMEP®, when injected into the tumor by electrotransfer and to look for the first signs of efficacy. The progress of the tumor injected with AMEP® was being compared to that of a distant tumor of identical initial size in the same patient.
Tolerance turned out to be satisfactory for the two doses tested, 0.5 mg and 1 mg. Stabilization of tumor growth was obtained in 60% of the lesions treated with AMEP® whereas all the untreated control tumors progressed. In addition, an objective tumor regression was observed in 20% of cases.

In the light of these results - presented at the end of September 2012 at the ESMO Congress - the company made a submission to the ANSM for a Clinical Phase I/II trial, this time by intramuscular injection, to confirm tolerance and the clinical effect by the systemic route in patients with a metastatic melanoma. After approval from the ANSM and the implementation of all the necessary procedures at the start of the trial (called AIMM for 'AMEP® in Metastatic Melanoma'), the first patient enrollments are expected early 2013.

Another advance made in 2012 was the issuance by the USPTO (US Patent and Trademark Office) of two patents extending the protection of AMEP® until 2022 and 2026 respectively.

This project is co-financed by OSEO through a program of Industrial Strategic Innovation that supports disruptive technology projects and is managed by a consortium bringing together academic research, industry and clinicians specializing in melanoma, with parallel research for specific "companion" markers that are useful for the follow-up of patients with severe disease.

[3] Results presented at the 15th Annual Congress of the ESGCT (the European Society of Gene and Cell Therapy) in Rotterdam (Holland), 27th October 2007.
[4] Results presented at the 11th Annual Congress of the ASGT – *American Society of Gene Therapy*, held in Boston (United States), from 28th May to 1st June 2008.
[5] Results presented at the Annual ESGCT congress - *European Society of Gene and Cell Therapy*, in Hanover (Germany), 21–25th November 2009.

4.1.2.4 Irinotecan Transdrug™ and the treatment of cancer by oral administration

Chemotherapy by oral administration represents a real challenge which should modify cancer treatment in the years to come, particularly for outpatients.

BioAlliance Pharma is developing innovative nanoparticle technology for use by oral administration and offering new prospects for oral cancer chemotherapy. This new oral formulation of sustained-release nanoparticles (SRN) provides an optimal concentration of the product and allows prolonged exposure of cancer cells, thus improving efficacy and reducing adverse effects.

At the AAPS6 Annual Congress in November 2009, the Company presented the results of its irinotecan formulation encapsulated in nanoparticles designed for oral administration (irinotecan, derived from camptotecin, is currently used for the treatment of colorectal cancer. It is a pro-drug with an active metabolite known as SN38. A pharmacokinetic study has shown that the plasma half-life of irinotecan and its active metabolite SN-38 is significantly higher than when irinotecan is administered intravenously. This prolongs the duration of exposure to irinotecan and SN-38.

This new oral formulation of SRN irinotecan tested in vivo on experimental models of colon tumors shows improved tolerance and a comparable efficacy in terms of tumor growth inhibition.

At this stage, the Company is continuing preclinical studies and will only accelerate this program after obtaining the results for Livatag® (Doxorubicin Transdrug™).

4.2.2 Portfolio of Pharmaceutical Specialties

4.2.2.1 Loramyc®/ Oravig® and oropharyngeal candidiasis

a) Pathology

Oropharyngeal candidiasis (OPC) is a mycosis of the oropharynx induced by yeast-type fungi: Candida albicans and non-albicans. The most common species is Candida albicans. The pattern of strains involved has been changing over the last few years with the emergence of resistant isolates and C. non-albicans species. OPC is an opportunistic disease that takes advantage of a deficiency in the immune system and/or a local imbalance in order to infect patients. The conditions associated with its development are often physiological, associated with a local trauma (irritation of the mucous membranes, poor dental hygiene) or with immune anomalies (advanced HIV infection, bone marrow or organ transplant, diabetes mellitus, severe malnutrition and debilitating age-related conditions).

Furthermore, treatments such as immunosuppressive therapies, radiotherapy, chemotherapy, long-term antibiotic therapy and chronic or inhaled corticosteroids promote the development of severe fungal infections.

[6] Annual Conference of the AAPS, *American Association of Pharmaceutical Scientists* - Los Angeles, 8th–12th November 2009.

These diseases alter the quality of life of patients who are in pain and have problems feeding themselves. In case of severe immunosuppression, the disease can spread in the body, which can be fatal (death rate of about 40% for candidemia). Local therapies are the most appropriate for treating OPC. Unfortunately, mouth washes only have a short-term effect and need several applications a day, keeping the product in the mouth for a long time despite its unpleasant taste, in order to be effective. Systemic therapies (acting via the general route) are also effective but, according to recommendations, must be reserved for severe or refractory infections due to the risk of systemic toxicity and drug-resistance induction.
The mucoadhesive miconazole Lauriad® (Loramyc®/ Oravig®) tablet is designed to be applied once a day and maintains sufficient levels of miconazole in the saliva for the treatment of oropharyngeal candidiasis.

b) Epidemiology

- *For cancer patients*

Anticancer treatment protocols (chemotherapy, radiotherapy) often induce oral mucositis (inflammation and ulceration of the mucosa) and xerostomia (dryness of the mouth), which create favorable local conditions for OPC in 60 to 90% of cases.

In oncology, the incidence of OPC varies according to the tumor site, the nature of the medication and the therapeutic protocol used: a recent meta-analysis has evaluated the median incidence of candidiasis in oncology to be between 30% and 70% and reaches almost 100% in patients with ENT cancers.

Candida albicans is the predominant organism but C. non-albicans strains represent 25% of cases and are associated with C albicans in about 20% of the cases.

- *Other patients concerned*

Other populations of patients that are weakened or immunosuppressed can suffer from OPC, especially elderly, hospitalized and polymedicated subjects, and patients presenting co-morbidities. The prevalence of oropharyngeal candidiasis in elderly patients is estimated at 30-70%.

c) *Competition*

The national and international recommendations advise using locally active agents as first-line treatment and reserving systemic agents for disseminated candidiasis due to the significant risk of drug interaction in polymedicated patients and to the risk of emergence of Candida resistance, favored by prolonged systemic antifungal treatment. In clinical practice, these recommendations have not been widely applied due to the constraints involved in administering a topical treatment. There was therefore a real need for forms of local treatment administered once a day and targeting the affected mucous membrane, with a broad spectrum of activity covering all Candida, thus avoiding drug resistance and clearly reducing the risk of drug interactions.

Existing forms of treatment

The pharmaceutical specialties currently marketed for the treatment of OPC can be administered locally (mouth washes) or systemically (drinkable suspension or tablets) to produce their effect via the general route.

The active antifungal ingredients used for the treatment of OPC essentially belong to three specific chemical classes:

- Antibiotics of the polyene class: amphotericin B (Fungizone® and generics) and nystatin (Mycostatin®)
- Azoles, divided into two sub-groups:
    - Imidazoles: miconazole (Daktarin® mouth gel and Loramyc®); clotrimazole (Mycelex®)
    - Triazoles: fluconazole (Triflucan® and generics); itraconazole (Sporanox® suspension, reserved for hospital use) and posaconazole (Noxafil®, indicated for systemic candidiasis and oropharyngeal candidiasis when a low response to local treatment is expected). Voriconazole (Vfend®) is reserved for severe or refractory systemic mycosis in the hospital.

Products currently being developed

The Company has identified a product currently under development for oropharyngeal candidiasis:

- PAC-113 by Pacgen Biopharmaceuticals, which has gone through a Phase-IIb trial (results published in June 2008). At end of 2012, the Company's website did not mention any particular progress concerning this project.

d) Loramyc®/ Oravig®

Loramyc® (or Sitamic® in some European countries, Oravig® in the US), initially derived from Professor Aiache's research, is an original mucoadhesive gingival miconazole tablet. It provides early and prolonged release of an efficient concentration of miconazole that impregnates the oral mucosa with little or no systemic transfer. Loramyc® is the first antifungal pharmaceutical specialty to use this mucoadhesive gingival technology.

Loramyc® sticks to the gum and disintegrates progressively while releasing miconazole for more than 12h on average.

Loramyc® is indicated in Europe for the treatment of OPC in immunosuppressed patients. In the United States, Oravig® is indicated for the treatment of OPC in adults.

Loramyc® offers the advantage of having a wide spectrum covering all *Candida.* It also has the advantage of limiting systemic side effects and drug interaction in patients who are often taking several different drugs. Compared to topical treatments, it ensures a sustained presence of efficient salivary concentrations for about 13 hours at the very site of infection, which allows for a single daily application and contributes to a better observance of treatment by patients.

Loramyc® has been marketed in France since the end of 2007 and is approved in twenty-six European countries. BioAlliance Pharma has licensed the marketing rights for Loramyc® in Europe to the group Therabel Pharma, through an agreement signed on 31st March 2010.

In the United States, BioAlliance Pharma received marketing authorization for Oravig® on 16th April 2010. The product was first marketed in 2010 and 2011 by Strativa Pharmaceuticals (Par Pharmaceutical Companies, Inc. group), but due to the fact that Par Pharmaceutical has refocused its core business (generic drugs), the Company decides to take back the marketing rights for Oravig® and transfer them to a partner that is totally committed to the oncology support care market in the United States. This research was crowned with success on the signing of a licensing agreement in September with the company Vestiq Pharmaceuticals, a supportive care specialist. Oravig® is therefore once again being marketed and sold on American soil, the no. 1 market for oropharyngeal candidiasis in the world.

In addition, the Company entered into a distribution and promotion agreement in October 2012 with the Shafayab Gostar group for Loramyc® in Iran, once the registration procedures are complete.

At the end of 2012, BioAlliance Pharma concluded an export financing agreement with COFACE amounting to €1.3 million. The company hopes to accelerate the expansion strategy of Loramyc® internationally. The table below gives a summary of the licensing agreements signed by the Company for the marketing of Loramyc®. These agreements total over 152 million euros, including nearly 55 million already generated since 2007. The remaining sums will be received as key steps are completed or as certain levels of turnover are achieved over the next few years. BioAlliance Pharma will moreover receive significant royalties on product sales.

Partner	Territory	Phase	Amount already generated by the Company	Total to be generated from the agreement
Vestiq Pharmaceuticals Licensing agreement from March 2012	Exclusive marketing license for the United States	Marketing relaunch	2 million dollars	44 million dollars
Sosei group	Exclusive marketing license for Japan		3 million dollars	18.5 million dollars
Therabel Pharma group Licensing agreement from March 2010	Exclusive marketing license for Europe, including Switzerland	Marketing in France and Germany	9.5 million euros	48.5 million euros + royalties on sales
Handok Licensing agreement from March 2008	Exclusive marketing license for Korea, Taiwan, Singapore and Malaysia	The MA for Korea was obtained in April 2009.	1 million euros	12 million dollars + royalties on sales
NovaMed Licensing agreement from June 2008	Exclusive marketing license for China	Ongoing development	0.6 million euros	4 million dollars + royalties on sales

4.2.2.2 Sitavig® (acyclovir Lauriad®) and the labial herpes market

a) Pathology

Caused by herpes simplex virus 1, herpes labialis, often called “cold sores”, is the most common form of herpes. This virus causes the appearance, on and around the lips, of transparent vesicles the size of a pinhead, surrounded by a red areola. The blisters burst fairly quickly, become ulcerated and eventually form scabs. Healing takes place without consequences within 7 to 14 days on average.

Herpes lesions can also occur on the face, inside the mouth and even on the eyes.

Herpes virus can be found in lesions but also in saliva, nasal secretions and tears. Contamination occurs through direct contact with lesions or contaminated secretions. Self-contamination is also common. Transmission is possible as soon as the first symptoms appear and until the scabs dry up.

b) Epidemiology

More than 80% of the adult population in the world carried HSV-1, the main herpes labialis virus[7]. Each year, about 14% of the adult population has at least one episode of herpes labialis. Acyclovir Lauriad® targets patients with at least four outbreaks per year, which represents roughly 35% of patients suffering from recurrent labial herpes according to a study of patients conducted by Nielsen for BioAlliance Pharma[8].

In addition, HSV-1 infection is often associated with HIV infection in which case, patients have about twelve outbreaks a year.

c) Competition

Labial herpes is a pathology that is managed either directly by patients (self-medication, asking for advice from the pharmacist), or after consultation and medical prescription. With its innovative treatment, particularly appropriate for patients suffering from frequent relapses, the Company mainly aims to target the prescription market, i.e. that of antiherpetic antivirals.

Existing forms of treatment

Medication prescribed for the curative treatment of herpes target each episode of the disease and is designed to make the lesion disappear faster. When prescribed preventively, the medication must be taken every day continuously for several months in order to reduce the frequency of recurrent episodes.

Three types of nucleoside analogues are currently available by the general route for the curative or preventive treatment of recurrent labial herpes (the indications vary between countries): acyclovir (Zovirax®), valacyclovir (Valtrex®, Zelitrex®) and famciclovir (Famvir®, Oravir®). They are approved for the curative or preventive treatment of recurrent labial herpes (the indications may differ from one country to the next).

In parallel to systemic forms of treatment, the topical agents currently available in the form of a cream shorten the duration of symptoms although none are truly effective in eliminating outbreaks. They are essentially:

- acyclovir (Zovirax® – GSK - Biovail) is the standard treatment and must be applied five times a day for five days;
- pencyclovir (Denavir® - Novartis) must be applied every two hours during the day (nine applications daily) for five to ten days;
- docosanol (Abreva® - Avanirpharma - GSK) must to be applied five times a day for five to ten days;
- the combination acyclovir/ hydrocortisone (Xerclear®/ Xerese® cream) by the company Medivir requires five applications a day for five days.

Competitor products currently being developed

NanoBio Corp is developing NB-001, a topical formulation based on an emulsion (a mixture of oil and water) in the form of nano-drops. the product entered Phase III in April 2011. A marketing agreement has been signed with GSK for marketing in the United States.

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[7] Yeung-Yue KA *Herpes simplex viruses 1 and 2 Dermatol Clin* 2002; 20(2):249-66.

[8] Press release of 7 February 2011, "BioAlliance Pharma presents the results of an international investigation conducted by Nielsen on patients with labial herpes"

d) Sitavig® (acyclovir Lauriad®)

BioAlliance Pharma is developing Sitavig®, the second product in the Lauriad® range, for the treatment of recurrent herpes labialis. Sitavig® is an original gingival mucoadhesive tablet.

In March 2005, BioAlliance Pharma carried out a clinical pharmacokinetic and pharmacodynamic study comparing two doses of Sitavig® (50mg and 100mg) to a standard treatment (200mg, Zovirax tablet). A high, early and durable concentration (above the MIC, i.e. an efficient clinical concentration) was obtained for 24 hours in the saliva and the labial mucosa, with the continuous presence of the active ingredient.

A multicentre international Phase-III, randomized, double-blind study against placebo, compared the efficacy and tolerance of a single dose of Sitavig® 50 mg gingival mucoadhesive tablet to that of a placebo, in 775 patients with recurrent labial herpes.

The results show that this trial was a success since both the primary and secondary endpoints were met, with marked efficacy and good tolerance. A single dose of Sitavig® 50mg significantly reduces the time to healing of the primary vesicular lesion, the main criterion, and the duration of the herpes episode from the time of the first prodromes to healing is significantly reduced ($p = 0.003$) and increases the percentage of patients with abortive episodes (absence of progression to the vesicular lesion stage).

In Europe, the submission of a registration application in October 2011, in the context of a decentralized procedure led to approval in eight countries on 18 December 2012. The company will continue its applications in other European countries during 2013.

In the United States, the company obtained marketing authorization in April 2013.

In addition, in July 2012, the Company extended the protection of its product in the United States with its Acyclovir Lauriad® patent, which specifically protects the mucoadhesive tablet containing acyclovir, its manufacturing process and its clinical application. This patent received a first issue in Europe in 2010.

Sitavig® allows treatment of recurrent oral herpes with a single tablet applied as soon as the first signs of infection appear: BioAlliance Pharma is looking for a suitable commercial partner (private practice market) for this innovation. A first exclusive licensing agreement was signed in June 2012 with Abic Marketing Limited, a Teva group subsidiary, to market the product in Israel.

4.2.2.3 Fentanyl Lauriad® and the market of chronic pain in cancer patients

a) Pathology

An analysis of unmet medical needs for weakened patients, and chronic pain in particular, has shown the need for painkillers that have limited variability and are easy to administer.

The existing products in this sector, such as fentanyl skin patches, achieve a variable effective concentration after a period of 12-18 hours depending on the patient concerned and fentanyl continues to be present 17 hours after the patch is removed, which may cause overdosage problems. The variability observed with skin patches may be related in part to the condition of the underlying skin and does not cover all the needs of patients. Fentanyl Lauriad® is designed to treat chronic pain in variable ways.

b) Epidemiology

Cancer and pain are often associated. Pain has several causes: tumor invasion, therapeutic or diagnostic act and toxicity of medications. The percentage of cancer patients who experience

pain as the disease progresses varies from 30% to 45% at the time of diagnosis and in the beginning stages of the disease, to over 75% in advanced stages of the disease.

Among patients experiencing moderate or intense pain, about 50% are sufficiently relieved. Only 10% of patients experience uncontrollable pain that needs to be treated in specialized facilities. The other patients can be given painkillers that are easy to manage.

c) Competition

Existing forms of treatment

Most of the existing drugs to treat acute or chronic cancer pain are opiates. They can be administered by the oral, rectal, nasal, transdermal or intravenous route or by transmucosal absorption.

Fentanyl, which is well-known in patch form (Durogesic®) to treat chronic cancer pain, also exists in various other forms for immediate release for the treatment of peaks of pain: Actiq® and Fentora® act via the oral mucosa and Instanyl® is a nasal spray.

The market targeted by fentanyl Lauriad® is that of chronic pain. This positioning distinguishes it from other products that use the transmucosal route in order to treat paroxystic pain only.

Competitor products currently being developed

On the fentanyl market, a number of companies are developing new pharmaceutical formulations but all of them target acute pain or peaks of pain above background chronic pain. These products are therefore not directly in competition with the product developed by BioAlliance Pharma, which targets chronic pain.

d) Fentanyl Lauriad®

The skin patch, the only pharmaceutical form of fentanyl available for chronic pain, presents two disadvantages: variability and delayed action, which limit its manageability and create a risk of overdosage.

As part of its strategy to deploy its Lauriad® mucoadhesive know-how, BioAlliance Pharma has selected fentanyl Lauriad® for the indication of severe chronic pain in oncology, with the aim of reducing the current variability of fentanyl skin patches. Fentanyl is a synthetic opiate analgesic that is a hundred times more powerful than morphine. A form of sustained-release fentanyl that is easy to administer is particularly suitable for chronic pain since cancer patients often develop resistance to other forms of painkillers. This has led the Company to study the use of Lauriad® mucoadhesive systems to propose transmucous adhesive application of fentanyl for this indication.

At the end of 2009, BioAlliance Pharma conducted its first Phase-I clinical trial on fentanyl Lauriad®, in order to evaluate the pharmacokinetic parameters of fentanyl Lauriad® in healthy volunteers. In March 2010, the Company announced positive preliminary results for this monocenter, randomized study conducted on healthy volunteers, evaluating the pharmacokinetic parameters of a single dose of 2 different mucoadhesive formulations of fentanyl Lauriad® Fentanyl was rapidly detected in plasma after applying the 2 formulations and the plasma concentrations remained stable for 24 hours with little interindividual variability, particularly with one of the two formulations tested. These mucoadhesive gingival formulations were well tolerated locally.

4.2.2.4 Fluriad™ and the vaccine market

Fluriad™ is a project supported by the Médicen and Atlanpole Biothérapies competitive clusters which aims to develop a mucoadhesive tablet that is suitable for vaccination with a first proof of concept on the flu virus. BioAlliance Pharma is the coordinator of this project, as part of a consortium also involving the Laboratoires Sogeval (Laval), the Human Virology and Pathology Laboratory (Lyon), associated team "401" Materials and Health Products (School of Pharmacy, Châtenay Malabry), the company Gredeco (Paris) and the Nice University Hospital.

In the field of vaccination, the pharmaceutical industry is seeking to free itself from constraints linked to the cold chain and the need for sterility, currently associated with vaccines inoculated by injection. The oral and nasal routes have numerous advantages but the problems linked to these routes of administration have yet to be resolved.

This research program aims to establish the feasibility of using Lauriad™ technology for vaccination. It offers efficient vaccination without injection by the simple application to the gums of a mucoadhesive tablet containing an antigen vaccine. Such an application method would overcome the constraints linked to the sterile injectable method both in terms of production and in terms of administration to the patient.

In February 2013 the Company announced the establishment of a cooperation agreement with one of the world leaders in vaccines within the context of the development of its mucoadhesive Lauriad® technology for use in vaccine form.

5. CORPORATE GOVERNANCE

Sections 5.1, 5.2 and 7.2.2. of this reference document comprise the Chairman's report to the shareholders as required by Article L. 225-37 of the French Commercial Code. This report was approved by the Board of Directors on 15 April 2013 and was filed with the Autorité des Marché Financiers (AMF) together with this reference document. It is available on the BioAlliance Pharma website: http://www.bioalliancepharma.com.

The Chairman's report was prepared and written in accordance with law no. 2008-649 of July 3, 2008, containing several provisions for adapting French company law to European Union law, and with the code of corporate governance for listed companies prepared by MIDDLENEXT. This code was chosen by the Board of Directors as the reference code and can be accessed on the Internet at the Middlenext website: http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site.pdf. Finally, this report was approved by the Board of Directors at its meeting of 15 April 2013.

It was officially sent to the AMF alongside this reference document and is available on the BioAlliance Pharma Internet site at: http://www.bioalliancepharma.com.

5.1 Board of Directors

According to the legal, regulatory and applicable statutory provisions, the Board of Directors must be composed of at least three members, 18 at the most, appointed by the General Shareholders' Assembly for a three year period.

The composition of BioAlliance Pharma's Board of Directors changed during the course of 2012. The shareholders' General Meeting of 31 May 2012, noted the resignation of ING Belgium, represented by Mr. Luc Van de Steen, and approved the appointment of Mr. Thomas Hofstaetter, as independent director. This appointment is part of the Board's determination, as of 2011, to strengthen its international presence.

The Board of Directors meeting on 17 July 2012 also decided to appoint Mr. Russell Greig as a permanent guest member of the Board. He brings particular expertise to the Company in the area of Strategic Planning and Corporate Development.

These developments helped to strengthen the Board's expertise and dynamic approach, which puts them in a position to fully support the Company's growth.

At the time of this report, the Board of Directors is composed of eight members:

Mr. Patrick LANGLOIS	Independent Director, Chairman
Mrs. Judith GRECIET	Chief Executive Officer
Mr. Michel ARIE	Independent Director
Mrs. Catherine DUNAND	Independent Director
Mr. David SOLOMON	Independent Director
Mr. Thomas HOFSAETTER	Independent Director
Mr. Nicolas TREBOUTA,	permanent representative of the FINANCIERE DE LA MONTAGNE Company, Director and shareholder
Mr. Remi DROLLER,	permanent representative of KURMA LIFE SCIENCES PARTNERS, Director and shareholder

To which must be added:

Mr. Russel GREIG Permanent guest member of the Board of Directors

In accordance with the provisions of the law of 27 January 2011 referring to proportionate gender balance on corporate boards which stipulates that the percentage of either sex may not be less than 20% as of 1 January 2014, and increasing to 40% on 1 January 2017. The Board of Directors has elected two women, as of the publication date of this reference document, who make up 25% of its members.

With directors representing the company's two main shareholders, the Board considers that its composition takes into account, in an appropriate manner, the shareholders' participation in its capital.

The Board members bring together essential top-level skills, thereby enriching the work and deliberations of the Board and of the specialist committees with varied experience in their fields of expertise, both in the health sector and in the various economic sectors in which BioAlliance Pharma operates. They are mindful of all shareholders' interests and engage fully in the deliberations, participating effectively in the Board's decisions and validly supporting them.

In accordance with statutory and regulatory provisions, a director's term of office is currently three years.
Detailed information about each BioAlliance Pharma board member as well as details of the functions they perform are contained in section 5.1.4 of the reference document.

5.1.1 Composition and activities of the Board

5.1.1.1 Composition and mission of the Board of Directors

A. Missions of the Board

The Board of Directors is responsible for determining BioAlliance Pharma Group's strategic, economic and financial business policies. It oversees and monitors their proper implementation.

Subject to the powers expressly attributed to shareholder meetings and within the limits of its corporate purpose, the Board handles all matters affecting the operation of the company and takes decisions about the more pertinent subjects by deliberation, including all strategic decisions affecting the company and the Group, at the initiative of its Chief Executive Officer.

The Board's rules of procedure, which are available to shareholders' at both the head office and on the company website at: www.bioalliancepharma.com, determine the mission of the Board, its committees and organizes their work.

These rules specify the Board's operating methods and the procedures for implementation of the legal and statutory provisions regarding its role in the management of the Company and the Group. It also specifies the rights and duties of the Board members, mainly regarding the prevention of conflicts of interest, multiple directorships, the strict confidentiality of deliberations and due diligence in participating in the work of the Board. Finally, they deal with rules relating to BioAlliance Pharma share transactions according to the French securities regulator, the AMF.

To enable the full exercise of its mission, the Board of Directors has specified in its rules of procedure:
(i) that it falls to the Chief Executive Officer, assisted by the Secretary to the Board, to transmit the relevant information to the other members;
(ii) that Board and committee meetings are preceded by notification, within a reasonable time, of the items on the agenda that require reflection and special analysis, where appropriate this information should be accompanied by documentation;
(iii) that the Board be regularly informed of any significant event related to company business;
(iv) in order to enable easy consultation and in some cases facilitate directors' decision-making and in accordance with the law, the Board's rules of procedure authorize the use of video and teleconference systems.
Finally, the Board of Directors decides freely on the procedures pertaining to the company's general management. These can be assumed under the responsibility of either the Chairman of the Board of Directors or by another individual appointed by the Board and given the title of Chief Executive Officer. BioAlliance Pharma's Board currently separates the functions of Chairman and Chief Executive Officer.

5.1.1.2 Organization and report on the Board's activities in 2012

The Board of Directors meets when convened by its Chairman who sets the agenda for each session. In order to better prepare decision-making concerning the different missions under its responsibility, the BioAlliance Pharma Board of Directors has established three committees:

- the Audit Committee;
- the Remuneration and Appointments Committee;
- the Corporate Development Committee.

A Board's Activity Report

Seven sessions of the Board of Directors were held in 2012. The participation rate was 92.85%.

At each of these meetings, the Board of Directors was made aware of the progress of projects and the prospects of activities and results and paid particular attention to financing and Company strategy.

The meeting of 26 January 2012 approved revenue figures for the year, determined fixed remuneration of the Chief Executive Officer and the Chief Operating Officer and the Chief Executive Officer's variable remuneration and its 2012 goals. It also determined the range for directors' fees to be set before the Combined shareholders' General Meeting on 31 May 2012, and discussed the subject of ongoing recruitments.

On 17 April 2012 the Board approved the annual and consolidated 2011 accounts; the reference document included Management's Discussion and Analysis as well as revenue figures for the first quarter of 2012. The Chairman's report on internal controls was approved. They also convened a Combined shareholders' General Meeting and approved the draft resolutions. They also assessed their own performance and reviewed the Company policy on equal pay and gender equality.

The 29 May 2012 meeting discussed the possible appointment of a director.

The meeting of 17 July 2012 named Mr. Russell Greig as a permanent guest member of the Board of Directors. It also adopted the Code of Conduct - prevention of insider trading - and approved the corresponding amendments to the Board's rules of procedure. The Board also conducted a mid-year budget review and discussed the opportunity of implementing a PACEO equity financing facility through the exercise of options.

On 13 September 2012 the Board approved the BioAlliance Pharma consolidated financial statements of 30 June 2012, as well as the Management's Discussion and Analysis for the semester. Finally, an employee and management stock option plan and a share warrant plan for the independent directors were agreed.

The meeting of 14 November 2012 approved income data for the third quarter of 2012 and authorized the implementation of a PACEO equity financing facility through the exercise of options.

The meeting of 14 December 2012 validated the essential terms of a Loramyc ® distribution contract.

B. The Audit Committee

Composition

The Audit Committee is governed by the Board of Directors' rules of procedure, under which committee members are to be chosen from among the directors and may not be represented. The term of office of the committee members coincides with that of their directorship.

The committee may only include members of the company's Board of Directors, excluding those in management positions.

It is composed of two or three members, of whom one at least must have specific financial or accounting skills and be independent.

The Audit Committee is presently composed of three members: Mr. Michel Arié, Mrs. Catherine Dunand and Mr. Nicolas Trébouta, permanent representative of the Société Financière de la Montagne. Judith Greciet, Chief Executive Officer, attends the meetings as an invitee of the Audit Committee.

It is chaired by Mr. Michel Arié.

As of the date of this report, the Committee has two independent directors including its chairman.

Mission

The Audit Committee's overall mission is to assist the Board of Directors in monitoring issues related to the development and control of semi-annual and annual accounting and financial information as well as elements to assess the risks incurred by the Group.

It examines the accounts prior to their presentation to the Board and gives views on the appointment and remuneration of the auditors as well as elements relating to their independence.

As part of its review of the company's consolidated financial statements, the Audit Committee ensures that the adopted accounting principles, which have a significant impact on the presentation of the financial statements of the company, have been formally validated by the executive management and the auditors and that they are brought to the knowledge of the Board of Directors. It also ensures that the main accounting options and choices made have been explained and justified by the executive management to the Board and reviewed by the Auditors. Finally, it ensures that the Auditors have access to all information necessary to carry out their responsibilities and that they were able to present all their material observations.

Within the framework of internal control, the Audit Committee ensures the monitoring of the effectiveness of the internal control systems.

The Company became aware of the final AMF report concerning the 22 July 2010 Audit Committee and has used it to complete the role of the Committee.

Organization and activities report

The Audit Committee meets at least twice a year in advance of the approval of annual and semi-annual accounts. In 2012 three sessions were held with a 100% participation rate. The 24 January 2012 committee meeting had as its main objectives the validation of the risk management process, evaluation of the Company's internal controls, mapping of risks and the review of the Chairman's report on internal control and risk factors.

The committee meeting of 3 April 2012 was devoted to the preparation and analysis of fiscal 2011 individual company and consolidated financial statements.

At its meeting of 11 September 2012 the committee discussed the presentation of the half-yearly statements and an update on the impact of the 2012-2013 budgetary laws.

At its various meetings, the Audit Committee heard from the Group's Chief Financial Officer and the auditors who submitted their comments.

The committee's chairman presented, or had a presentation made, of a report on the committee's actions at the Board of Director's meetings of 26 January, 17 April and 13 September 2012.

C. Appointments and Remuneration Committee

Composition

The members of the Appointments and Remuneration Committee are selected among the directors of BioAlliance Pharma or from among outside experts. They are appointed on a personal basis and cannot be represented. The directors who are members of the Appointments and Remuneration Committee are appointed for the duration of their director's mandate.

The Appointments and Remuneration Committee consists of three members: Mr. Patrick Langlois, chairman, Mr. David Solomon and Mr. Rémi Droller, permanent representative of Kurma Life Science Partners. There are thus two independent directors including the chairman.

Mission

The Appointments and Remuneration Committee is to prepare the Board of Directors' decisions concerning (i) the selection and appointment of future directors, (ii) the remuneration of executive officers, (iii) determining performance conditions concerning the granting of warrants or options to purchase shares, or bonus shares for the executive officers, and (iv) the periodic evaluation of directors' remuneration.

Organization of Work

The Appointments and Remuneration Committee meets at least once a year. In 2012, it held four sessions with a 100% participation rate.

At its meeting of 25 January 2012, the committee studied the fixed remuneration of the Chief Executive Officer and the Chief Operating Officer and the elements taken into account in the determination of the variable remuneration of the Chief Executive Officer and its 2012 goals. The Committee also set the range for directors' attendance fees to be proposed at the next shareholders' General Meeting.

The 9 July 2012 committee meeting formulated a mid-year summary of the Company's objectives, prepared recommendations for corporate governance, especially in the composition of the Board, and discussed the opportunity to sign a regulated agreement.

The Appointments and Remuneration Committee meeting of 13 September 2012 included a proposal for a modification of the directors' fees in order to take into account the changes in the composition of the Board and its committees. Finally, the committee reviewed the achievement of the performance conditions of the 2011 stock option plan for management and employees and considered the implementation of a new management and employee stock option plan and a warrants plan for the benefit of the independent directors.

D. Corporate Development Committee

Composition

The Board of Directors decided in its meeting of 13 September 2012 to establish a Corporate Development Committee, one of the Board's specialist committees.

This committee is comprised of Kurma Life Science Partners, represented by Remi Droller, Patrick Langlois, David Solomon, Thomas Hofstaetter, and Judith Greciet, with the understanding that Russell Greig will also participate as permanent guest member of the Board of Directors. It is chaired by Thomas Hofstaetter.

Mission

The Corporate Development Committee supports and accompanies the executive management on matters of corporate development, namely on acquisition projects and strengthening the product pipeline as well as the company's strategic direction.

It prepares the Board's deliberations relating to the Company's strategic direction. It makes proposals and gives opinions and recommendations in its field of competence.

As such, it must:

- Discuss, assess and evaluate the strategic plan proposed by the Chief Executive Officer to the Board of Directors including the research program issues and the associated strategic choices with regard to the external and internal business context,

- Investigate, propose targets and present its recommendations (i) on the acquisition of new business projects, be they in the form of acquisitions of assets or companies (as well as their related financing) (ii) on the projects involving the sale of assets, or of equity belonging to the Company.

Organization of work

The *Corporate Development Committee* meets at least once a year. In 2012 it met on one occasion with a 100% participation rate.

5.1.1.3 Evaluating the Board of Directors

In accordance with recommendation No. 15 of the Middlenext corporate governance code to which the Company adheres, the Chairman of the Board requests, once a year, that each member expresses their opinions on the Board's functioning and the preparation of its work.

At the Board of Directors meeting on 24 January 2013, it was decided to use a questionnaire to support the Board's assessment work. The summary was presented and discussed at the Board meeting on 15 April 2013 and confirmed the positive assessment among the Board of discussions held during meetings. All the areas of improvement noted in 2011 gave rise to concrete action. In particular, the creation in 2012 of a Corporate Development Committee dedicated to issues of strategic direction, notably those associated with strengthening the product portfolio and the external growth policy, led to greater substance in the Board's deliberations and to the strengthening of its support role to executive management.

5.1.2 Directors of BioAlliance Pharma

5.1.2.1 Information about the directors

There are no directors elected by staff and no non-voting directors.

With the exception of the Chief Executive Officer, no member of the Board of Directors has a role in the general management or is a salaried employee of BioAlliance Pharma or a company controlled directly or indirectly by BioAlliance Pharma.

The members of the Board of Directors are not related in any way.

No director has been convicted of fraud, none has been involved as a manager in a bankruptcy, receivership or liquidation over the past five years and none has been the subject of an accusation and/or official public sanction definitively judged by a statutory or regulatory authority. None of them has been disqualified by a court from acting as a member of an administrative, managerial or supervisory body of an issuer or from participating in the management or the conduct of business of an issuer in the last five years.

Corporate offices

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we inform you by the following list of all the offices and functions held by each of the Company directors during the year in all French or foreign companies. This list is extended to five years to comply with Annex I to (EC) Regulation no. 809/2004 governing the drafting of reference documents.

Director	Offices/Functions
Patrick LANGLOIS Mr. Patrick Langlois has been Chairman of BioAlliance Pharma since 29 June 2011. His mandate will expire at the 2013 shareholders' General Meeting. Age 68, Mr. Patrick Langlois has been a director of BioAlliance Pharma since 13 May 2011. Patrick Langlois started his career at the Louis Dreyfus Bank and completed a large part of his career at Rhône-Poulenc and Aventis SA, where he was Vice President of the Management Board and Chief Financial Officer. He is currently General Partner of PJL Consulting and member of the Board of Directors and non-executive Director of Biotech companies in Europe and the United States, including Innate Pharma, Exonhit Therapeutics. As of 12/31/2012, Mr. Patrick Langlois held 25,000 shares in BioAlliance Pharma. Business address: PJL CONSEILS EURL 6, Avenue Frederic Le Play 75007 Paris - FRANCE	Within the Company Chairman of the Board of Directors of BioAlliance Pharma Outside the Company As of 31 December 2012, Mr. Patrick Langlois, is also: - President of Stallergenes (France); - Member of the Supervisory Board of Innate Pharma (France); - Vice-President of the Supervisory Board of Exonhit (France); - Director of Newron Pharmaceuticals (Italy); - Director of Scynexis Inc. (USA). Over the past five years, Mr. Patrick Langlois has also held the following directorships and positions outside the Company, which he no longer holds: - Director Shire Limited (UK); - President of the Nanobiotix SA Supervisory Board (France).

Judith GRECIET

Mrs. Judith Greciet joined BioAlliance Pharma on 1 March 2011, as Chief Operating Officer in charge of R&D and Operations. She has been Chief Executive Officer and a director of BioAlliance Pharma since 29 June 2011.

Her mandate will expire at the shareholders' General Meeting of 2014.

Age 44, Judith Greciet's career has been spent in various laboratories (including Eisai, Zeneca, Wyeth), occupying important managerial and strategic international positions in the growing field of Oncology and Immunology, working on innovative products. She has a doctorate in Pharmacy and is a graduate in business administration and pharmaceutical marketing.

On 12/31/2012, Judith Greciet held one hundred (100) shares in BioAlliance Pharma.

Business address:
BIOALLIANCE PHARMA
49, boulevard Valin
75015 Paris.

Within the Company

- Director and Chief Executive Officer of BioAlliance Pharma

Outside the Company

As of 31 December 2012, Mrs. Judith Greciet is also:

- Chairman of BioAlliance Pharma Laboratories;
- Director of Theravectys.

Over the past five years, Judith Greciet has also held the following directorships and positions, which she no longer holds:

- President of Eisai France.

Michel ARIE

M. Michel Arié has been a director of BioAlliance Pharma since 17 December 2008.

Age 65, Mr. Michel Arié has acquired expertise in the industrial world, mainly during his time with the CNIM Group (Industrial Construction of the Mediterranean) where he served 27 years in the Administration and Finance Division, including Chief Financial Officer in charge of development, diversification and mergers & acquisitions. Previously, he held internal audit, management control, export and project financing positions. Michel Arié is a Supelec engineer, a graduate of the IAE Dauphine.

His mandate will expire at the shareholders' General Meeting of 2013.

As of 12/31/2012, Mr. Michel Arié held 100 shares in BioAlliance Pharma.

Business address:
10 rue Saint Léonard
94210 La Varenne

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

Over the past five years, Mr. Michel Arié has held the following directorships and positions, which he no longer holds:

- Chief Financial Officer within the CNIM Group;
- Member of the Executive Board of CNIM SA (since September 2009) and social representative of the CNIM Group subsidiaries;
- Director of various subsidiaries of the CNIM Group.

Catherine DUNAND

Mrs. Catherine Dunand has been a director of BioAlliance Pharma since 22 April 2010.

Her mandate will expire at the shareholders' General Meeting of 2013.

Age 51, Mrs. Catherine DUNAND operates PROMONTOIRES, dedicated to supporting SMEs in their key stages, from development strategy to governance, having held executive marketing positions in France and internationally and managing profit centers within large groups in the pharmaceutical industry (Servier, Hoechst, Roussel). She has directed SMEs for ten years, including working with funds in an LBO context. Catherine Dunand has conducted numerous projects in the areas of health and communication. She is a graduate of the École Centrale in Lyon and has an MBA from Insead.

On 12/31/2012, Catherine Dunand held one hundred (100) shares in BioAlliance Pharma.

Business address:

Promontoires
212, boulevard Bineau
92200 – Neuilly sur Seine

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

As of 31 December 2012, Mrs. Catherine Dunand is also:

- Director of ALTAVIA Group (commercial communication);
- President of the Board of KALIBOX (logistics);
- President of SAS PROMONTOIRES;
- Director of SAS YXENE (MOA);
- Manager of SARL Novinvest Partners.

Over the past five years, Mrs. Catherine Dunand held the following directorships and positions, which she no longer holds:

- President of the Thermes de Bagnoles de l'Orne;
- President of Thalie Spa;
- Chief Executive Officer of France Thermes;
- Chief Executive Officer of Financière de Millepertuis, Director of the CNET, Balneology Trade Union;
- President of the Supervisory Committee of GEMOLOGY.

David H. SOLOMON

Mr. David Solomon has been a director of BioAlliance Pharma since 29 June 2011.
His mandate will expire at the shareholders' General Meeting of 2014.

Age 52, David H. Solomon is currently CEO of Zealand Pharma (Denmark). A physician-pharmacologist, he worked for several years at Columbia University, before joining Carrot Capital Healthcare Ventures, an investment firm. Since 2006 he has held chief executive positions in Biotech companies.

As of 12/31/2012, Mr. David Solomon held one hundred (100) shares in BioAlliance Pharma.

Business address:

Zealand Pharma A/S
Smedeland 36
2600 Copenhagen
Denmark

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

As of 31 December 2012, M. David Solomon is also:

- CEO of Zealand Pharma;
- Member of the Board of Directors of the American Chamber of Commerce in Denmark.

Over the past five years, Mr. David Solomon held the following directorships and positions, which he no longer holds:

- 2006-2008: COO Vital Sensor, Hanover, Germany and Richmond, Virginia.

Thomas HOFSTAETTER

Thomas Hofstaetter has been a director of BioAlliance Pharma since 2012.

His mandate will expire at the shareholders' General Meeting of 2015.

Age 64, Mr. Thomas Hofstaetter holds a doctorate in molecular biology (University of Tubingen, Germany). He has over thirty years' experience in development and acquisition of companies in biotechnology and technological cooperation agreements, particularly with Wyeth, Inc., Aventis, VaxInnate Corporation and Geron Corporation.

Business address:
Thomas Hofstaetter
Die Rappenwiesen
D-61350 Bad Homburg
Germany

As of 12/31/2012, Mr. Thomas Hofstaetter held 15,000 shares in BioAlliance Pharma.

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

As of 31 December 2012, Thomas Hofstaetter was also director of the following companies:

- Geron Corporation

Over the past five years, Mr. Thomas Hofstaetter has held the following directorships and positions, which he no longer holds:

- CEO of VaxInnate Corporation

FINANCIERE DE LA MONTAGNE, represented by Nicolas Trebouta

Financière de la Montagne has been a director since 29 June 2011.

Its mandate will expire at the shareholders' General Meeting of 2014.

Age 49, Nicolas Trébouta has managed investments since 2004 directly through his Company, Financiere de la Montagne, or through biotech funds. Co-founder of Chevrillon and Associates in 2000, he participated via this organization in several LBO operations including Picard Surgeles, CPI Printing and Albingia Insurance. He is a doctor and has been a shareholder of BioAlliance since 2008.

As of 12/31/2012, Financière de la Montagne held 1,767,133 shares in BioAlliance Pharma.

Business address:

Financière de la Montagne
4-6, Rond-Point des Champs Elysées
75008 Paris

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

As of 31 December 2012, Mr. Nicolas Trébouta was also:

- Manager of SARL Financière de la Montagne;
- Manager of SCI Fleurus Immobilier;
- Manager of SCI 5 rue de la Liberté;
- President of SAS Dragon 8;
- Manager of SC Financière des Associés;
- CEO of Mercure Epargne Longue Fund;
- Director of GIE IO;
- President of the Supervisory Board of the SCA Chevrillon & Associates;
- Manager of EARL Ferme de Bissy;
- Manager of SC Valois;
- Manager of SCI du Trillon.

Over the past five years, Mr. Nicolas Tribouta has held the following directorships and positions, which he no longer holds:

- Manager of Bissy Investissements (SC);
- President of the Supervisory Board of Arromanche (SCA);
- As representative of Financière de la Montagne, Director of Bagtech Inc.

KURMA LIFE SCIENCE PARTNERS, represented by Rémi Droller

Kurma Life Science Partners, represented by Rémi Droller, has been a director of BioAlliance Pharma since 16 December 2010.
Its mandate will expire at the shareholders' General Meeting of 2013.

Age 37, Rémi Droller joined Kurma as a Partner in September 2010 after working for 10 years in health sector investments. Firstly at CDC Innovation between 2000 and 2003, he then joined AGF Private Equity (today Idinvest Partners) where he developed their life sciences investment activity. Rémi Droller holds a Master's degree in molecular biology (Paris VI) and a Master's degree in Finance and Innovation Management (Masternova - AgroPariTech).

As of 12/31/2012, Kurma Life Science Partners held 835,749 BioAlliance Pharma shares.

Business address:

Kurma Life Sciences Partners
5-7 rue de Monttessuy
75007 Paris

Within the Company:

- Director of BioAlliance Pharma

Outside the Company

As of 31 December 2012, Mr. Rémi Droller was also:

- Director of Prosensa;
- Director of AM Pharma;

On 31 December 2012, Kurma Life Science Partners, was also:

- Director of Adocia;
- Director of AM Pharma;
- Director of BMD;
- Director of Domain Therapeutics;
- Director of Erytech;
- Director of Genticel;
- Director of Indigix;
- Director of Integragen;
- Director of Key Neurosciences;
- Director of Meiogenics;
- Director of Novagali Pharma;
- Director of Sterispine.

Over the past five years, Mr. Remi Droller has held the following directorships and positions, which he no longer holds:

- Director of Adocia;
- Director of BMD;
- Director of Domain Therapeutics;
- Director of Integragen;
- Director of Novagali Pharma.

Russell Greig has been a permanent guest member of the Board of Directors since 17 July 2012.

He has over thirty years of experience in the pharmaceutical industry, with expertise in research & development and business development. Russell Greig spent a significant part of his career at GlaxoSmithKline (USA/UK) where he was Senior Vice President of Worldwide Business Development R&D.

He brings to the Company his particular expertise in strategic planning and corporate development. His candidacy as an independent director will be subject to shareholder approval at the next Mixed shareholders' General Meeting on 31 May 2013.

a) Conflicts of interest

As provided for under the Board of Directors' rules of procedure, each director must inform the Board of any conflict of interest that arises – even potentially – in relation to items on the agenda and must abstain from voting in any deliberation regarding these items. During the financial year 2012, this provisions applied on one occasion to Mr. Patrick Langlois.
To the best of the Company's knowledge, no service contract exists binding any member of the Board of Directors of BioAlliance Pharma or any of its subsidiaries, other than the regulated agreements listed below:

- The services agreement authorized by the Board of Directors on 17 July 2012 between BioAlliance Pharma and the company PJL Conseils, a consulting firm specializing in strategy, business development and M&A for health sector companies, of which Patrick Langlois is Managing Partner, focusing on strategic advice and communication strategy for the development and creation of company value. This contract was signed on 1 July 2012 for the duration of Patrick Langlois' mandate and a fixed remuneration of €2,000 per month excluding VAT.

The services agreement authorized by the Board of Directors on 17 July 2012 is justified by the fact that (i) the company is at a critical development stage and seeks strong expertise in business development and M&A, (ii) PJL Conseils is able to offer the necessary support to the management team in order to continue the Company's development and value creation strategy.

b) Independence

Five directors are independent within the meaning of the MiddleNext Code of Corporate Governance for small and medium-sized companies. They are Catherine Dunand, Michel Arié, Patrick Langlois, David Solomon and Thomas Hofstaetter.

c) Directors' remuneration

Directors' are remunerated in the form of directors' fees paid only to independent directors. The maximum annual sum of directors' fees for 2012 was set by the AGM of 31 May 2012 at €170,000. This sum is distributed at the Board of Directors' discretion.

On 28 July 2011, the Board decided that, as from 29 June 2011:

- The directors shall receive a fixed, prorated remuneration of €4,000 for their position, and variable remuneration of €2,500 per Board meeting;
- The Chairman of the Board shall receive fixed, prorated remuneration of €15,000 for his position and variable remuneration of €5,000 for each Board meeting;
- Committee members who are independent directors shall receive additional variable remuneration of €1,000 per meeting of the committee to which they belong;
- Committee chairpersons shall receive additional variable remuneration of €2,000 per meeting of the committees they chair;
- Directors who exercise a management role or who represent a company that is a Company shareholder shall not receive a directors' fee.

Subsequently, at its meeting of 17 July 2012, the Board decided that, effective 1 July 2012, the Chairman of the Board of Directors would receive a fixed fee pro rata temporis of €10,000 in respect of his function and variable compensation of €3,000 per Board meeting.

Directors are committed to ensuring that the cost of the contract with PJL to provide strategic advice and communication added to the total amount of attendance fees are together no greater than the total permissible attendance fees approved at the General Meeting of 31 May 2012, in order to avoid any possible third party complaints.

Finally, at its meeting of 13 September 2012, the Board decided to grant compensation of €2,000 per member of the Corporate Development Committee and per meeting for 2012.

Directors in office at 31 December 2012 received directors' fees from the Company in the gross amounts detailed in Table 3 below.

In addition, on 13 September 2012, the Board decided to allocate to the independent directors share purchase warrants with a 6-year exercise term at an issue price of €0.39 and a subscription price of €3.92 (see table below):

Table 3 (*)

Directors' fees and other remuneration received by non-executive corporate officers				
Non-executive corporate officers	**Total in 2011 10 Board meetings and 8 Committee meetings**		**Total in 2012 7 Board meetings and 7 Committee Meetings**	
	Directors' fees in €	**Other remuneration**	**Directors' fees in €**	**Other remuneration**
Patrick Langlois **Appointed to the Board of Directors on 29 June 2011** **Chairman of the Board of Directors since 29 June 2011**	**45,500**	**25,000 warrants**	**41,500**	**25,000 warrants** **12,000 (**)**
Michel Arié **Member of the Board of Directors**	**30,834**	**15,000 warrants**	**24,500**	**15,000 warrants**
Catherine Dunand **Member of the Board of Directors**	**27,334**	**15,000 warrants**	**21,500**	**15,000 warrants**
David Solomon **Member of the Board of Directors since 29 June 2011**	**12,555**	**15,000 warrants**	**17,775**	**15,000 warrants**
Thomas Hofstaetter **Member of the Board of Directors since 29 June 2011**	**N/A**	**N/A**	**9,345.70**	**15,000 warrants**
Financière de la Montagne **Represented by N. Trebouta**	**N/A**	**N/A**	**N/A**	**N/A**
Kurma Life Sciences Partners (formerly IDInvest), represented by R. Droller	**N/A**	**N/A**	**N/A**	**N/A**
ING Belgium, represented by Luc Van de Steen until 18 April 2012	**N/A**	**N/A**	**N/A**	**N/A**
Dominique Costantini	**17,334**	**852,585**	**0**	**126,883**
TOTAL	**146,557**	**852,585**	**114,620.70**	**12,000**

(*)Table numbering in accordance with the AMF recommendation of 22 December 2008. AMF tables 1, 2, and 4-10 are found in Section 5.1.2.2 of this reference document.

(**)Consulting agreement between BioAlliance Pharma and PJL Conseils signed on 1 July 2012 at a fixed fee of €2,000 per month excl. VAT.

Directors receive no deferred compensation or remuneration when their term of office ends.

Russell Greig was appointed permanent guest member of the Board of Directors at the Board meeting of 17 July 2012. His compensation was established by a contract dated 13 September 2012 at €2,500 excl. VAT per Board meeting and €4,000 pro rata temporis.

5.1.2.2 Information about the corporate officers

At the date of publication of this document, there are two Company executives:

- Judith Greciet, Chief Executive Officer, whose detailed presentation is found in Section 5.1.4.1;
- Pierre Attali, Chief Operating Officer, Strategy and Medical Affairs.

Pierre Attali, who joined BioAlliance Pharma as Chief Medical Officer at the start of 2008, was appointed Chief Operating Officer in charge of Strategy and Medical Affairs in July 2010.
Dr Pierre Attali, a specialist in diseases of the liver and the digestive system, began his career as a hospital doctor, where he practiced for 11 years. In 1987, he joined Synthélabo as Project Manager in the Clinical Research department. He quickly advanced, attaining the position of Head of Clinical Research in 1992, placing him in charge of clinical strategy and international clinical operations, overseeing 400 employees. During this period, he put three new drugs and several new formulas on the market, and oversaw the launch of many others. In 2000, after Synthélabo's merger with Sanofi, Pierre Attali co-founded and managed OSMO, a clinical research organization specializing in oncology. He was subsequently Chairman of the Management Board of Molecular Engines Laboratories, a French biotechnology company dedicated to cancer treatment, and then of Urogène, before joining BioAlliance Pharma in 2008.
Pierre Attali is also a *praticien attaché* [part-time hospital doctor] at the Bicêtre and Paul Brousse (AP-HP) hospitals and as such is a principal investigator of several clinical trials in liver disease. He is co-founder and member of the Board of Directors of several pharmaceutical and biotechnology companies.

Limits set by the Board of Directors on the powers of the Chief Executive Officer and the Chief Operating Officers.

The Board's rules of procedure, available on the Company's website, state the methods by which it exercises its own powers and the functions of the Chief Executive Officer.
The Chief Executive Officer and the Chief Operating Officer cannot adopt certain measures or enter into certain acts, commitments or contracts if they have not obtained prior authorization from the Board of Directors.
Accordingly, in addition to those Company operations for which the law requires the Board of Directors authorization (including the assurances, sureties, guarantees and the establishment of security for the purposes of ensuring third party commitments), the following require the Board's prior approval:

- the adoption of the annual budget;
- any decision to acquire or divest a company or intangible goodwill assets, or any decision regarding investments in a partnership, by any means whatsoever;
- any decision involving asset acquisition or divestment or any investment or contract which commits the Company for an amount greater than €400,000 per year, any decision other than those already approved in the Company's annual budget;
- any decision to dispose or grant significant intellectual or industrial property rights or tangible assets belonging to the Company.

Remuneration of executive corporate officers

Remuneration policy

The remuneration of corporate officers is generally composed of a fixed salary supplemented by a benefit in kind (usually a company car), and variable remuneration linked to performance indicators.

This remuneration is accompanied by stock options and free shares, which are awarded for retention purposes.

Corporate officers receive no directors' fees for their position.

The Company has not put in place any severance compensation or any supplementary pension plans for corporate officers.

BioAlliance Pharma complies with the MiddleNext Code of Corporate Governance regarding the remuneration of executive officers of companies whose shares are admitted to trading on a regulated market.

Judith Greciet

Judith Greciet joined BioAlliance Pharma on 2 March 2011 as Chief Operating Officer in charge of Operations and R&D. She was named Chief Executive Officer on 29 June 2011. She combines her corporate office with an employment contract. The circumstances that led to this decision stemmed mainly from the critical importance of her expertise and, correspondingly, her special expertise in R&D and business development.

In 2012, Judith Greciet, Chief Executive Officer of BioAlliance Pharma received a fixed salary of 250,000 euros. This remuneration was set by the Board of Directors on 26 January 2012 at the recommendation of the Remuneration and Appointments Committee formulated on 25 January 2012.

On 26 January 2012, the Board of Directors also decided that the variable remuneration of the CEO would in principle represent up to 40% of the fixed salary and, on 24 January 2013, that for 2013 it would be subject to the achievement of objectives related to research and development activities, the advancement of partnerships, the structuring of Company strategy, and the quality of investor relations.

On 24 January 2013, at the recommendation of the Remuneration and Appointments Committee, the Board set the variable remuneration of Judith Greciet for 2012 at 40% of her fixed salary, i.e. €77,089, exceptionally weighted by 25% to account for the cash position of the company, equivalent to €22,500.

Judith Greciet received no directors' fees in 2012, in accordance with the rules set out in Section 5.1.4.1 of this reference document.

On 13 September 2012, the Board of Directors, as part of its review of the proposed allocation of stock options, and on the recommendation of the Remuneration and Appointments Committee formulated on 13 September 2012, decided to award to Judith Greciet 60,000 stock options, exercisable according to a four-year timetable and subject to conditions of continuous service and performance, the achievement of which will be evaluated one year after the award date. The performance conditions are related to meeting the budget and the advancement of key Group projects and products. Until the end of her tenure, Judith Greciet is obligated to hold a number of Company shares equal to 10% of the capital gains net of tax and related contributions obtained by exercising these options.

Judith Greciet was not awarded any free shares in 2012.

Judith Greciet did not receive any benefits in kind in 2012 other than a company car.

A summary of all elements of the executive officers' remuneration is presented in the tables below.

Table 1

Summary table of remuneration, options and shares allocated to each executive officer (in €)		
Judith Greciet - Chief Executive Officer since 29 June 2011	2011	2012
Remuneration payable for the financial year (breakdown in Table 2)	269,812	282,169
Value of options awarded during the year	120,580	45,360
Value of performance shares awarded during the year	N/A	N/A
TOTAL	**390,392**	**322,305**
Pierre Attali - Chief Operating Officer		
Remuneration payable for the financial year (breakdown in Table 2)	246,607	226,454
Value of options awarded during the year	31,900	37,800
Value of performance shares awarded during the year	N/A	N/A
TOTAL:	**278,507**	**264,329**

Table 2

Summary of remuneration paid to each executive officer (in €)				
Judith Greciet - Chief Executive Officer since 29/06/11	Amounts in 2011		Amounts in 2012	
	owed	paid	owed	paid
- fixed remuneration	192,723	192,723	254,445	254,445
- variable remuneration	77,089	0	22,425	77,089
- exceptional remuneration	N/A	N/A	N/A	N/A
- directors' fees	N/A	N/A	N/A	N/A
- other (1) / benefits in kind:	0	0	5,299	5,299
TOTAL	**269,812**	**192,723**	**282,169**	**336,833**
Pierre Attali - Chief Operating Officer				
- fixed remuneration	197,004	197,004	201,225	201,225
- variable remuneration	48,103	35,800	10,390	48,103
- exceptional remuneration	1,500	1,500	14,839	14,839
- directors' fees	N/A	N/A	N/A	N/A
- benefits in kind:	0	0	0	0
TOTAL	**246,607**	**234,304**	**226,454**	**264,167**

Table 3 – Directors' fees and other remuneration received by non-executive corporate officers

Table 3 is found in Section 5.1.2.1 of this reference document.

Table 4

Stock options to purchase or subscribe for shares granted during the financial year to each corporate officer						
Name of executive officer	No. and date of plan	Type of options (purchase or subscription)	Value of options according to method adopted for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Judith Greciet CEO	SO Executives 2012 Board meeting of 13/09/12	Subscription	45,360	60,000	€3.92	10 years
Pierre Attali COO	SO Executives 2011 Board meeting of 13/09/11	Subscription	37,800	50,000	€3.92	10 years

Table 4 – Stock purchase or subscription options exercised during the financial year by each executive officer

The combined ordinary and extraordinary General Meeting of 31 May 2012, in its fourteenth resolution, authorized the Board of Directors to award the Company's executive officers a maximum of 110,000 stock options, each conveying a right to one share, representing a maximum dilution of 0.62% of the Company's share capital at the close of the 2011 financial year.

Executives' stock options are only exercisable after a period of 4 years, subject to the achievement of performance conditions evaluated one year after their award and related to (i) meeting the Company's 2013 budget; (ii) research and development activity; and (iii) the search for new partners.

Table 5 – Stock purchase or subscription options exercised during the financial year by each executive officer

Not applicable. No option to purchase or to subscribe for shares was exercised by the corporate officers in 2012.

Table 6 – Performance shares awarded during the financial year to each corporate officer

Not applicable. No performance shares were awarded to corporate officers in 2012.

Table 7 – Performance shares that became available during the financial year for each corporate officer

Not applicable. No performance shares became available in fiscal 2012 for the executive officers.

Table 8 – History of the award of share purchase warrants and options

As part of its policy of remunerating and motivating its executives and employees, from 2003 to 2005 BioAlliance Pharma established plans for awarding special founders' share purchase warrants (BSPCEs). This scheme was succeeded in 2006 by the award of stock options, in 2008 by the granting of free shares, and in 2010, 2011 and 2012 by two new stock options plans: an "Executives" plan, and an "Employees" plan. In each of these cases, the plans benefited the executives and all Group employees.

From 2003 to 2008, the independent members of the Board of Directors also benefited from successive plans awarding share purchase warrants (BSAs). In 2011 and 2012, the independent directors benefited from a share purchase warrant plan.

Whether for stock options or share purchase warrants, the exercise price is determined as the average over the last twenty (20) trading days preceding the grant date.

The 2006 (1) stock option plan expired on 30 October 2010.

The 2006 stock option plan (1) expired on 30 October 2010.

The 2006 stock option plan (2) expired on 5 April 2012.

The 2006 stock option plan (3) expired on 10 October 2012.

The share purchase warrant plan BSA K (3) expired on 10 October 2012.

The conditions for the exercise of stock options for the 2012 plan are described in the commentary to Table 4 above.

Table 8

History of the award of financial instruments granting rights to the share capital Information on share purchase warrants (BSAs) and stock options (SOs) awarded to executive officers				
Date of AGM	BSA-K3 AGM of 16/05/06	SO 2010(1) AGM of 22/04/10	SO Exec. 2011 AGM of 29/06/11	SO Exec. 2012 AGM of 31/05/12
Date of Management Board/Board of Directors meeting	10/10/2007	25/08/2010	21/09/2011	13/09/2012
Shares that may be subscribed by:	1 warrant/1 share	1 option/1 share	1 option/1 share	1 option/1 share
Executive officers	11,346 (1)	25,308	210,000	110,000
Judith Greciet	N/A	N/A	160,000 (2)	60,000
Pierre Attali	11,346,(1)	10,308(1)	50,000	50,000
Start date for exercise	10/04/2008	25/08/2014	21/09/2015	13/09/2016
Expiry date	09/10/2012	25/08/2020	21/09/2021	13/09/2022
Subscription price	10.84 (1)	5.53(1)	3.80	3.92
Exercise terms	4 years after award	4 years after award subject to performance conditions	4 years after award subject to performance conditions (2)	4 years after award, subject to performance conditions (2)
Shares subscribed at 31/12/2012	0	0	0	0
Warrants/options cancelled or lapsed	11,346	15,000	0	0
Warrants/options outstanding at end 2012	0	10,308	210,000	110,000

(1) Following the capital increase in July 2011, a technical adjustment of the number of options/warrants and the subscription price was decided by the Board of Directors on 28 July 2011 pursuant to Article L.228-99 and R.228-91 of the French Commercial Code.
(1) Of the 160,000 options awarded to Judith Greciet by the Board of Directors on 21 September 2011, only 60,000 are subject to performance conditions.

Table 8

History of the award of financial instruments granting rights to the share capital Information on share purchase warrants (BSA) awarded to members of the Board of Directors			
Date of AGM	BSA-L AGM of 29/04/08	BSA – 2011 AGM of 29/06/11	BSA – 2012 AGM of 31/05/12
Date of Board meeting	17/12/08 (1) 22/10/09 (2)	21/09/11	13/09/12
Shares that may be subscribed by:	1 warrant /1 share	1 warrant /1 share	1 warrant /1 share
Corporate officers	18,189	70,000	85,000
Patrick Langlois	N/A	25,000	25,000
Catherine Dunand	N/A	15,000	15,000
Michel Arié	6,189 (1) (*)	15,000	15,000
David Solomon	N/A	15,000	15,000
Thomas Hofstaetter	N/A	N/A	15,000
Gilles Marrache	6,000 (1) (**)	N/A	N/A
André Ulmann	6,000 (2) (**)	N/A	N/A
Start date for exercise of warrants	17/06/09 (1) 22/04/10 (2)	21/03/2012	19/03/2014
Expiry date	16/12/13 (1) 21/10/14 (2)	21/09/17	13/09/18
Issue price	N/A	€0.38	0.39€
Subscription price (€)	€2.86 (1) (**) €2.33 (2) (**)	€3.80	3.92€
Exercise terms	Vesting/4 years	Vesting/18 months	Vesting/18 months
Shares subscribed at 31/12/2012	0	0	0
Total warrants cancelled or lapsed	12,000	0	0
Warrants outstanding at year end	6,189	70,000	85,000

(*) Following the capital increase in July 2011, a technical adjustment of the number of options/warrants and the subscription price was decided by the Board of Directors on 28 July 2011 pursuant to Article L.228-99 and R.228-91 of the French Commercial Code.

(**) Warrants cancelled following their resignations on 29 June 2011.

Table 9 – Stock purchase or subscription options granted during the financial year to the 10 employees other than corporate officers receiving the largest number of shares or exercised thereby

No stock options were exercised in 2012.

The ordinary and extraordinary General Meeting of 31 May 2012, in its thirteenth resolution, authorized the Board of Directors to award 333,000 stock options to employees other than officers of the Company, with each option conveying the right to one share.

In 2012, 268,000 options were awarded to employees other than corporate officers.

Table 9

Options to subscribe for or purchase shares granted to the ten employees other than corporate officers receiving the largest number of options and options exercised thereby	**Number of options granted**	**Weighted average price**	**Plan**
Options granted during the year to the ten employees other than corporate officers receiving the largest number of options granted (overall data)	217,000	€3.92	SO 2012 Plan

Table 10

Executive officers	Employment contract		Supplementary pension plan		Indemnities or benefits due in respect of termination or change in duties		Indemnities related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Judith Greciet Chief Executive Officer since 29/06/2011 Start of term: 29/06/2011 Expiry of term: AGM to approve the 2014 financial statements	x			x		x		x
Pierre Attali Chief Operating Officer Start of term: 22/07/2010 Expiry of term: AGM to approve the 2013 financial statements	x			x		x		x

Commitments of all kinds corresponding to elements of remuneration, indemnities or benefits owed or that could be owed by the Company with regard to the assumption of duties, the termination of duties or a change in duties of the executive officers or after such event: there are no such commitments in the Group that are subject to the procedure provided for in Article L 225-42-1 of the French Commercial Code.

In 2012 the Company did not award any equity securities or debt securities to the executive officers. They were granted the stock options described in Table 4 above.

In accordance with the provisions of Articles L 225-197-1 and L 225-185 of the French Commercial Code, the Board of Directors, on the recommendation of the Remuneration Committee, set the percentage of shares (shares granted or shares resulting from the exercise of stock options) that the executive officers of BioAlliance Pharma have the obligation to hold as registered shares until the termination of their duties. This percentage was set at 10% of the capital gains net of tax and related contributions obtained by the exercise of options.

In addition, BioAlliance Pharma Group's post-employment benefits obligations at 31 December 2012 amounted to €54,947 (IFRS consolidated financial statements).

Interests held by directors and officers in the Company's share capital

Interests held by directors and officers in the Company's share capital at 31 December 2012:

Interests held by directors and officers in the Company's share capital at 31/12/2012	Number of shares	% of share capital	No. of shares resulting from the potential exercise of warrants	No. of shares resulting from the potential exercise of stock options	Number of free shares	% total after potential exercise of warrants and stock options
Judith Greciet	100	0	0	220,000	0	1.29%
Pierre Attali	10,000	0.05	11,346	110,308	8,000	0.82%
Patrick Langlois	100	0	50,000	0	0	0.29%

Share transactions carried out by management involving the Company's securities

In accordance with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code, we advise you that no transactions involving the Company's securities (acquisitions, divestments, subscriptions or exchanges of securities) were made by Company management or members of the Board of Directors or people with close personal ties in FY 2012.

Patrick Langlois and Thomas Hofstaetter subscribed to all of the share purchase warrants that the Board of Directors awarded to them on 13 September 2012. Michel Arié subscribed to 5,000 purchase warrants out of the 15,000 allocated to him by the Board of Directors on 13 September 2012 (see Table 8 on remuneration).

5.2 Internal control

5.2.1 Components of the risk management system

5.2.1.1 Definition and objectives

Since 2008, BioAlliance has continued to formalize its approach to risk management. It aims to identify all the risks that may affect business processes and activities and to define the means to control the occurrence of these risks and their consequences, to contain or minimize their probability of occurrence, as well as their impact on the Company's activity. This approach is intended to encompass all types of risk and to apply to all activities of the Company and the Group.
BioAlliance Pharma adopts the definition of risk management proposed by the French securities regulator, the AMF, according to which risk management is a Company management tool that contributes to:

- creating and preserving the value of the assets and reputation of the Company;
- secure decision-making and processes to promote the attainment of Company objectives;
- promoting consistency with Company values;
- motivating staff around a common vision of the main risks the Company faces.

The Company has conducted a review of its risks and sees no significant risks other than those mentioned in section 5.2.3.1 of this reference document.
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5.2.1.2 Organizational framework

The Group also ensures there is adequate control of its operational risks. Risk management is steered by the Risk Committee, a management body established by executive management. Its responsibilities include proposing and updating annual risk mapping and subsequently reviewing the execution of the risk monitoring plans with those in charge of the particular activity.

It is executive management's responsibility to validate the mapping put before them by the Risk Committee and in particular approval of the list of 'major' company risks.

The risk management and annual mapping processes are presented each year to the Audit Committee within the context of its mission to review and monitor the effectiveness of internal control and risk management systems.

The Group has adopted a procedure designed to supervise all of the methods and risk management tools being used and to specify the terminology used by the Group (probability and severity criteria, risk typology, etc.).

The objectives of this risk management policy are essentially to protect income and the Group's image, to minimize costs and to promote the attainment of its strategic goals.

5.2.1.3 Management processes for major risks: identification and analysis of main risks

The risk management process: identification and analysis of the main risks

The Risk Committee annually updates the mapping of risks in order to take into account the company's strategic objectives as well as the evolution of its activities, its financial situation and its environment.
For each of the identified risks, the Committee analyzes its potential impact in terms of its financial effect, work days lost, impact on the company's activity and image, and assigns a probability index and a criticality index from which they deduce a factor from the combining of these two criteria.
The risks are then ranked in order of decreasing importance to categorize them according to the following classification: major risk, strong risk or acceptable risk.
Any major risk falls under a risk management plan specifying actions to be taken, persons in charge, main persons involved, deadlines, and the budget associated with each action.
The following major risk factor descriptions are organized in a way consistent with this risk mapping:

5.2.1.4 Risks related to the Company's business

- **Risks related to drug research and development**

The risk of a serious adverse event or of negative results in a clinical trial could affect the growth of BioAlliance Pharma.

To obtain marketing authorization for a product, the Company must conduct preclinical trials on animals and complete clinical trials on humans in order to demonstrate the product's safety and efficacy.

If patients are or were to be exposed to unexpected and serious risks, the Company could choose, or the regulatory authorities could ask the Company, to suspend or end clinical trials. Deaths and other undesirable events could occur during a clinical trial because of medical problems, which may or may not be related to the treatment being tested and would require the Company to delay or interrupt the trial.

In addition, the Company may decide, in view of negative results, to abandon development projects that it considered initially promising.

Inability of the Company to complete clinical trials successfully could have a material adverse effect on its ability to generate future revenues, its financial position, and its development.

To minimize this risk, the Company has built its product portfolio in part on innovative drugs designed from ingredients already on the market, whose efficacy and tolerance profiles are well-established. Furthermore, the Company conducts its trials by taking maximum precautions, particularly in defining protocols, using associated experts and studying competing products.

In addition, the Company has organized its products into two key portfolios to balance its risks. In effect, the independence of its projects in clinical and preclinical development allows the company to manage the risks inherent in pharmaceutical research. In this way, the Company can determine its priorities for accelerating development at any time based on the results obtained, as part of its ongoing search for growth.

The risk of significant delays in the conduct of its clinical trials could affect the growth of BioAlliance Pharma.

Clinical trials are generally carried out over several years and are very costly. Their completion depends on a number of important parameters such as the indication, the size of the population affected, the nature of the clinical protocol, the proximity of the patients and the clinical sites, the criteria for eligibility for the trials, competition for patient enrolment, the availability of sufficient quantities of products, assistance from third parties and compliance with regulatory standards.

In 2012, BioAlliance Pharma continued the Phase II clinical trials with Validive® and initiated two new trials: a Phase III trial with Livatag® and a Phase I/II trial with AMEP®. If, for reasons associated with one or more of the aforementioned parameters, a significant delay occurred in a trial and development times significantly deviated from estimates, this could have an adverse impact on the Company's ability to generate future revenues, its financial position, and its development.

This risk becomes less critical as development of the Company's products advances.

- **Risks related to outsourcing the Company's R&D and production capabilities**

The Company is in a situation of dependency on the providers involved in the clinical trials it initiates.

The Company uses various providers in France and abroad to carry out its clinical trials. The quality of test results depends mainly on the quality of execution of the desired services and their compliance with the original specifications and applicable standards.

The failure of a subcontractor involved in a clinical trial, the loss of data, delays or errors in data processing could have an adverse effect on the validity of tests and the compilation of regulatory filings for products under development by the Company.

To address this risk, BioAlliance Pharma audits the processes of its subcontractors and rigorously monitors all stages of clinical trials.

The Company is in a situation of dependency on third parties to manufacture its products. This could affect its ability to develop and market its products in a timely and competitive manner.

As part of its strategy, BioAlliance Pharma subcontracts the manufacture of its products under development. Although the Company believes that the number of subcontractors that can offer manufacturing capacity is significant, their inability to complete a project or their failure could have an adverse effect on the development of its products, the timing of their release on the market, or their compliance, thereby affecting the conduct of its trials or related processes.

In addition, the Company entrusts production of its marketed products to third parties. At the date of filing of this document, this risk factor concerns Loramyc® in Europe. In the event of a failure on the part of the manufacturers, or of interruption or quality problems in the supply of

products, the Company could be temporarily unable to supply its commercial partners, which would undermine its reputation, affecting both its sales and profitability.

The Company has undertaken the process of selecting an alternative source of manufacturing for Loramyc®, which involves the revalidation of this product's manufacturing procedures. This process was ongoing at the date of filing this reference document.

- **Risks related to drug pricing and reimbursement policies**

Risk associated with a delay in obtaining pricing and reimbursement rates or lower-than-expected rates

Decided by public commissions and agencies, the price of drugs is largely beyond the control of the Company and is set in relation to a flat rate deemed acceptable by the authorities. Governments and other third parties that reimburse drug prices actively endeavor to curb healthcare costs by limiting both the coverage and the reimbursement rate applicable to new therapies.

BioAlliance Pharma's ability to generate sufficient profits on the sale of its products will partly depend on the level at which they are made available and the level of their reimbursement by the public health authorities, private health insurance companies and healthcare management organizations in the various countries where they are marketed. Should the timing of the procedure for price negotiation result in a significant delay in marketing a product or should the Company be unable to obtain an appropriate level of reimbursement, its profitability would be diminished.

Risk that a marketed product will cease to be reimbursed

The Company anticipates a constant and growing evolution in proposed legislation to strengthen government controls over drug prices. In the West, pressure on prices and the reimbursement of drugs is generally on the increase and there is a growing tendency for certain products not to be reimbursed.

The Company therefore cannot guarantee that over time it will succeed in maintaining the price level of its drugs or the accepted reimbursement rate. Under these conditions, its sales and profitability could be significantly affected.

The Company works in a network with specialized consultants and international medico-economic experts to anticipate the information needed, to efficiently support its pricing files in the various countries concerned and to maintain a level of publications that makes it possible to regularly confirm the medical service provided.

- **Risks related to commercial partnership agreements**

The risk of insufficient sales performance of a licensed partner may limit sales of the Company's products and significantly affect its growth

As part of its strategy, the Company seeks out partners to market its products. This approach was intensified in 2012.

BioAlliance Pharma has selected the Therabel Group to market Loramyc® in Europe, including France. In the US, the Company signed an exclusive licensing agreement on 10 July 2012 with Vestiq Pharmaceuticals. The active promotion of Oravig® by Vestiq Pharmaceuticals was fully launched in December 2012.

The Company also signed an exclusive licensing agreement on 13 June 2012 with Teva for the commercialization of Sitavig® in Israel.

And finally, on 18 October 2012, the Company announced the signature of a contract with Shafayab Gostar for the distribution of Loramyc® in Iran.

The Company could be affected by the inadequate commercial performance of its partners resulting from a lack of resources deployed.

It should also be recalled that, in 2008 and 2011, BioAlliance Pharma signed agreements for marketing miconazole Lauriad® (Loramyc®) in Southeast Asia and Japan. The Company cannot guarantee that the registration of miconazole Lauriad® will be obtained in the relevant Asian countries, including China, within the time estimated, or that its partners will obtain a satisfactory price that allows the product to be launched.

To avoid these risks, the Company has provided clauses guaranteeing its interests in its various licensing agreements. It also monitors its partners and retains the in-house expertise needed to coordinate them and to monitor their marketing and sales deployment.

- **Risks related to the safety of marketed products**

Product liability traditionally represents a significant risk for the pharmaceutical industry. In practice, it is impossible to identify all the possible adverse events related to a product during the trials leading up to its marketing authorization. A systematic review and regular analysis of data collected through clinical trials and post-marketing surveillance provide additional information (e.g., on the occurrence of rare adverse events or those affecting a given population), which may lead to changes in the product's composition, limits on its therapeutic indications, or even suspension or withdrawal of the product.

BioAlliance Pharma has contracted specific product liability insurance to cover the safety risk associated with marketing Loramyc®/Oravig® in Europe and the United States. However, this risk factor is greatly reduced because the drug is designed from ingredients already on the market, whose efficacy and tolerance profiles are very well established.

In addition, the Company has a pharmacovigilance system that complies with international regulations and has been inspected by health authorities.

5.2.1.5 Legal risks

- **Challenges and constraints related to the regulatory environment**

One of the Company's major challenges consists of successfully developing products up to their marketing phase in an ever more restrictive regulatory environment.

Legislative and regulatory provisions defined by the French drug agency (ANSM), the European Commission, the EMA, the FDA and equivalent regulatory authorities in other countries govern research and development, preclinical and clinical studies, regulation of laboratories, and the manufacture and marketing of drugs (see Section 4 of this reference document). Throughout the world, the pharmaceutical industry is confronted with a tightening of this regulatory environment. The health authorities – notably the FDA and the EMA – have imposed ever more stringent requirements in terms of the volume of data required to demonstrate a product's efficacy and safety.

Consequently, the regulatory process for approval of new therapeutic products is long and complex and its outcome is unpredictable. Moreover, regulatory requirements and procedures vary greatly from one country to another.

For a growing company like BioAlliance Pharma, most of whose product portfolio is still in development, the uncertainties associated with both the creation of a marketing authorization application and its review by the regulatory authorities carry major risks, the financial impact of which may be significant.

Authorities in the United States, Europe and other countries may:

- require additional testing to validate the product's registration;
- restrict the indications for which the Company would be authorized to market its products;
- significantly delay issuing market authorization to the Company.

To address these risks which could increase costs and reduce its future revenues, the Company has acquired significant expertise in the clinical and regulatory fields. It also closely coordinates its pharmaceutical and clinical subcontractors to ensure the quality and availability of test data, and maintains active relations with regulatory agencies throughout the registration procedure.

- **Limitations on protection provided by patents and other intellectual property rights**

Risk that patents issued or granted to the Company under license are contested by third parties or are invalidated

BioAlliance Pharma regularly files patent applications in order to protect its technologies, products, preparation processes and pharmaceutical compositions. Through its patents and other intellectual property rights, BioAlliance Pharma has exclusive rights on the products resulting from its research or acquired under license at the date of this reference document. It has the rights to 313 published patents or patent applications, including 230 patents that have been granted in several major countries or jurisdictions, including the US, Europe and Japan.

The Company's ability to market its products successfully will therefore depend chiefly on its ability to obtain, maintain and protect its intellectual property rights.

In the pharmaceuticals sector, patent law is still evolving and presents uncertainties. In particular, no uniform global policy has so far emerged on the content of patents issued in the fields of biotechnology and the scope of allowed claims. Uncertainties also result from the possible emergence of newly-found prior art.

As regards the extent of protections claimed, some of the Company's patents may cover products derived from compounds protected by patents held by third parties.

Regarding the possible emergence of newly-found prior art, patent applications are never published before a period of eighteen months after their first filing and, in the United States, some applications are not published before the award of the patent. Thus, at the time a patent application is filed, other as yet unpublished patent applications belonging to third parties may constitute unidentified prior art. The filing of a patent application or issuance of a patent does not therefore guarantee its validity or its applicability, both of which may be challenged by third parties.

Should a third party claim a proprietary right over the Company's patents or other intellectual property rights, the Company may have to obtain suitable licenses for such patents, interrupt or modify certain activities or procedures, or even develop or obtain alternative technologies, and this is liable to have adverse effects on the development of its products and the generation of future revenues.

It may be necessary to take legal action to enforce intellectual property rights, protect trade secrets and establish the validity and scope of the Company's intellectual property rights. Litigation could involve considerable expense, reduce the Company's potential profits and fail to provide the protection sought.

Faced with these risks, the Company has a proactive 'Industrial Property' strategy, directly linked to its research and development projects, in terms of both the identification of inventions in order to increase the relevant protection, and the monitoring of third-party publications and patent procedures.

Risks associated with exploited patents falling into the public domain, with the expiration of marketing licenses, or with the eventual emergence of generic drugs for marketed products

On the expiry of their protection by property or commercialization rights, the products marketed by the Company could face competition due to the introduction on the market of comparable drugs, or by the development of generic drugs, which would lead to a reduction in sales prices and/or volumes and could have an adverse impact on the Company's business and financial position.

These risks are currently not significant for BioAlliance Pharma as, firstly, the Company develops most of its product portfolio for niche markets that are not prime targets for generics and, secondly, under its Industrial Property strategy, the Company regularly files new patent applications within existing patent families.

Regarding the Lauriad® technology, BioAlliance Pharma holds the intellectual property rights to the products it is developing. These drugs are mainly protected by two families of patents issued or in the issuing phase, which gives them an extended period of protection: until 2022 for the first and 2027 for the second. In addition, new patent applications have been filed to extend the protection period for new products based on the Lauriad® technology.

3. Disputes

The main ongoing disputes are described in Note 8.3 to the consolidated financial statements at 31 December 2012.

5.2.1.6 Financial risks

- **Risks of insufficient financial resources**

The Company has posted net operating losses since it began operating in 1997. At 31 December 2012, its accumulated losses had risen to €109.8 million under French GAAP.. These operating losses are primarily the result of investments in research and development for the completion of preclinical studies and clinical trials.

The Group expects further operating losses for the next few years as it continues its research and development activities. N nonetheless, its most advanced product, Loramyc®/Oravig®, is already generating revenues through partnerships in place since 2007 and Sitavig®, whose registration was already approved by 8 European states on 19 December 2012 and on 12 June 2012 was the subject of an initial licensing agreement with Teva in Israel. At the date of filing this reference document, these revenues correspond to milestone payments from partners and to royalties on sales of Loramyc®/Oravig®. This revenue stream should increase in the coming years with new launches and growth in sales by current and future commercial partners.

The Group's profitability will depend on its ability to market its products successfully with its partners, as well as its ability to conclude new partnership agreements for the various products in its portfolio. In the event of a significant delay in identifying and negotiating new partnerships, or of a delay in achieving sales growth or market share gains, the Group may not break even for several years.

Furthermore, the Company’s financing requirements will continue to increase as the Company invests to develop existing and new products. The Company has carried out a specific review of its liquidity risk and considers that it can meet its future payments. However, the Company may need to raise additional funds ahead of time for reasons such as:

- opportunities to develop promising new products or to acquire products, technologies or other activities;

- higher costs and slower progress than the Company anticipates in developing new products and obtaining crucial marketing authorizations.

- **Foreign exchange risk**

The Company signed three licensing agreements in Southeast Asia for Loramyc®, with, in 2008, Handok and NovaMed for a total of $16.5 million, including $2.5 million in upfront payments, and with Sosei in 2011 in Japan for a total of $18.5 million, including a $3 million upfront payment.

In 2012, the Company signed new licensing agreements in the United States with Vestiq Pharmaceuticals and in Israel with the Teva group as well as a distribution deal with Shafayab Gostar in Iran.

For these agreements, BioAlliance Pharma could receive payments based on obtaining marketing authorizations, launching the product, or achieving sales milestones.

Given the uncertainty about these payment triggers and the likely timing of the payments, the Company has not set up any currency risk hedges. It is therefore possible that the EUR/USD exchange rate could move adversely for the Company and that the total amount converted into euros could be significantly less than initially anticipated. As soon as payment assumptions are confirmed, the Company intends to secure these flows in US dollars.

With regard to the Company's day-to-day operations, most revenues and payments are in euros and there is no currency risk.

- **Interest rate risk**

Since the Company has not incurred any debt, this point does not apply.

- **Equity risk**

The Company's available cash is exclusively invested in money market funds, which involves no equity risk. These investments are immediately available and of very low volatility, so they do not present any liquidity risk. Information on the market value of the investment securities portfolio is included in the notes to the consolidated financial statements in Section 6 of this reference document.

5.1.2.7 Insurance and risk coverage

To implement its insurance program, the Company works with a broker specialized in the field of biotechnology, with an associated firm in the United States and, where applicable, local correspondents in various countries. The Company has insurance cover that is appropriate to its business activities on a worldwide basis, and in particular for its clinical trials in France, the United States and all countries concerned.

The Company has taken out a number of insurance policies, the main ones being:

1. A civil liability insurance policy, covering:

   (1) 'business liability', which insures the Company against the financial consequences of civil liability that could be incurred because of injury, damage and loss caused to third parties and attributable to the activities of the Company;

(2) ‘civil product liability’, which covers the Company against the financial consequences of civil liability that could be incurred as a result of physical injury, property damage and consequential damage caused to third parties as a result of the Company’s products, both before and after delivery, and including Catalent, the company to which it outsources production, as an additional insured party, for products manufactured by Catalent on the Company’s behalf;

(3) ‘civil liability for the defense of criminal proceedings and third-party claims.’

1. A ‘directors’ and executive officers’ liability’ insurance policy, insuring them against the possibility of incurring liability in the performance of their duties.

2. A ‘property damage’ insurance policy, which covers, in particular, the risks of fire, water damage, theft, equipment breakdown and breakage of glass, and tenants’ risks, at the Company’s premises in Paris and Châtenay-Malabry.

3. Specific insurance policies for each clinical trial sponsored by the Company. Policy prices and cover amounts depend on the local regulations and legislation applicable to the clinical research centre concerned. In France, the Public Health Code specifies that sponsors of clinical trials must carry insurance. In countries where there is no requirement to take out such a policy, the Company nonetheless maintains an insurance policy covering its liability in undertaking clinical trials. The overall amount of the premiums depends on the number of patients included in the trials and their geographic location. The Company considers that it is adequately insured for each of the trials currently in progress.

4. A ‘key personnel’ insurance policy covering the risks of physical accidents that could occur to members of management.

5. A ‘stock and transit’ insurance policy, covering storage and transport of the Company’s products.

The insurance program has been defined with a concern for efficiency in both negotiating and managing policies. The risk management policy should continue to evolve alongside the development and internationalization of the Company’s business and in close coordination with the development of our activities.

5.1.2.8 Supervision of the risk management system

The Risk Committee validates and monitors action plans with the managers concerned.

5.1.2.9 Interface between risk management and internal control

Risk management aims to identify and analyze the key risks and risk factors that may affect activities, processes and business objectives and defines the means of maintaining these risks at an acceptable level, including the implementation of preventive measures and controls relating to internal control mechanisms.

At the same time, internal control relies on risk management to identify the main risks to be dealt with.

5.2.2 General principles of internal control

5.2.2.1 Internal control: definition and objectives

Internal control consists of the means, attitudes, procedures and actions which have been adapted to the company's particular characteristics and those of the group as a whole, and which:
- contribute to the control of its activities, its operating effectiveness and the well-organized use of its resources;
- enable it to take appropriate action to tackle any significant risks it may face, whether they be operational, financial or compliance related.

Internal control is designed to ensure:
- compliance with laws and regulations;
- the application of instructions and guidelines laid down by the Board of Directors;
- the proper functioning of the Group's internal processes, including those contributing to asset protection;
- the reliability of financial information.

However, while supporting the attainment of Company objectives, internal control cannot provide an absolute guarantee that they will be met. There are, in fact, inherent limitations to any supervision system, for example, uncertainties in the external environment, the use of good judgment or the cost-benefit relationship of implementing new controls.

5.2.2.2 Reference framework used by BIOALLIANCE PHARMA

BioAlliance Pharma continues to develop its internal control system by relying on AMF reference terms and its application guide in its updated version of 22 July 2010. This system applies both to the processes involved in drawing up published financial and accounting information, and to the general organization of operational and risk management procedures implemented by the Company.
Internal control at Group level is conducted by taking into account both the Group's operational and legal structure.

It involves all of the Group's subsidiaries which are consolidated using the full consolidation method.

The summary information in this report on the internal control procedures applied focuses on the significant elements that may have an impact on financial and accounting information published by the Company.

5.2.2.3 Components of internal control

Organization

The internal control system is based on clear organizational responsibilities, benchmarks, resources and procedures.

From its very beginnings, BioAlliance Pharma has benefitted from a quality assurance system. All business processes are described by procedures (Standard Operating Procedures or SOPs), operations, records and forms. These written documents trace the progress of activities, define the means and the responsibilities of those involved, explain the Company's know-how and give precise instructions of how a particular operation is to be performed.
Everyone in the Company is involved in the internal control system. Their responsibilities are described below.

Guidelines

The BioAlliance Pharma Group, established in the health and biotechnology sector, is subject to very specific and detailed regulations that oversee its activities, compliance with which is monitored by the internal control system. Legislative and regulatory provisions, defined by the European Commission and equivalent regulatory authorities in other countries including the *Agence nationale de sécurité du médicament et des produits de santé* (ANSM), the European Medicines Agency (EMA), the Food and Drug Administration (FDA), give relevant guidance for research and development, preclinical studies, clinical studies, the regulation of institutions, as well as the manufacture and marketing of drugs. The main regulatory documents applying to the activities of the two companies are the following: Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Manufacturing Practices (GMP), statutory French and European documents applying to the development and marketing of medicines, regulations on GMOs, waste removal, the transport of dangerous goods, the handling of microorganisms, hygiene and safety.

Monitoring activities

Monitoring activities implemented by the Company are based on various tools, including:

- a documentation system;
- reporting system;
- specific controls related to the preparation and processing of accounting and financial information.

- **Documentation system**

All of the internal control system documentation is stored on a dedicated intranet that optimizes access to documents and enables them to be continually updated as a result of changes in activity (Records and Information Life Cycle Management). The objective is continuous improvement in the quality of the operational, management and support processes of the Company and the Group.

The internal control system covers the following areas:

- quality assurance, health and safety, risk management;
- the administrative, legal, social and financial fields, including internal control, communication and rules relating to the Company's listing on Euronext;
- pharmaceutical production and operations;
- liaison activities with drug regulatory agencies;
- pharmaceutical research and development, pre-clinical and clinical trials including very specific animal experimentation, an Ethics Committee on animal experimentation whose objectives are the validation of all the testing protocols and the monitoring of compliance with the regulations;
- pharmacovigilance;
- information systems: the computerized management of the rules on information access, protection and storage;
- human resources and labor regulations;
- services provided to third parties.

- **Reports**

The Company's executive management has implemented specific internal control procedures which consist of regular key information reviews relating to each activity. For each of the areas listed below, information considered as important for the corresponding activity has been identified and selected. It must be representative of the actual nature of the activity and allow it to be tracked both quantitatively as well as qualitatively, taking into account compliance with the standards governing the activity. This key information must be verifiable and documented. It must be updated each month by those performing the activity. This system covers the following areas:

- information about research and development projects (preclinical, clinical, pharmaceutical);
- financial reporting and transactions affecting shareholders' equity;
- the legal aspects of the Company, regulatory issues and intellectual property;
- communication of financial & accounting, scientific and corporate information;
- the quality and information system;
- human resources and payroll.

5.2.2.4 Procedures for the preparation and processing of accounting and financial information

The reliability of financial information is one of the Company's essential internal control objectives. Supervisory and reporting procedures have been set up to ensure control of the information gathering and the process for preparing and producing accounts in line with the criteria outlined in the reference terms issued by the AMF. These procedures, dealing with the general accounting of the Company's operations, also specifically concern budgetary aspects and the validation of expenditure and of payment commitments. Furthermore, with regard to the Group's accounts consolidation process, the Finance Department controls the correct elimination of intra-group transactions and the consistency of individual account restatements according to international standards (IFRS).

Generally, all the company's accounting options are defined by the Chief Financial Officer in discussion with executive management and the auditors and then submitted to the Audit Committee for further deliberation. This ensures the Company's practices are in full compliance with French and international standards (IFRS) and that the presentation of the accounts is consistent.

At the end of each year, a detailed budget is prepared for the following year by the Chief Financial Officer and approved by executive management. This budget is presented to the Board of Directors. At the end of each month, the accounting teams close Group company accounts. Budgetary reviews held with all the heads of operations provide analytical validation of the statements and a review of all expenditures, following which a report is prepared by the CFO for the attention of executive management and the directors. This report is presented and regularly discussed at Board meetings.

The Finance Department is responsible for developing and disseminating all of the Group's financial communications with the financial markets following validation by executive management.

Such communication takes place via two main channels:

- the annual report and reference document, the half-yearly financial report;
- economic and/or financial news releases.

Preparation of the annual report which has reference document status and the half-yearly financial statements are coordinated by the Finance Department. Its preparation involves much collaboration; experts in their field contribute to the variety and quality of the information. The reference document is reviewed and adopted by the Board of Directors prior to publication.

Announcements released relating to annual and semi-annual results are also validated by the Board of Directors.

5.2.2.5 Persons involved in risk management and internal control procedures

Internal control is carried out by management structures and by all Group employees through their daily actions.

In-house operatives of the internal control system include:

- the Board of Directors, which validates the broad guidelines of the activity and the strategy of the Group;
- the Audit Committee, mentioned earlier in this report, whose powers are defined by the Board of Directors, plays a key role in tracking (i) the financial information preparation process, (ii) the effectiveness of the internal control and risk management systems, and (iii) the statutory audit of annual and consolidated accounts by the auditors;
- executive management and department heads, through the various management committees, steer the Group's strategy and allocate the necessary human resources for its implementation through the setting and monitoring of objectives;
- the Operations Committee meets twice a month, attended by executive management, department heads and R&D management, during which operational strategy, action validation and the monitoring of development projects are reviewed.
- the Finance Department, Management Control, Quality Department and Legal Affairs all have a particular role to play in internal control because of their cross-functional expertise;
- the Quality Assurance Department plays a key role in the various Company activities through its support in the drafting of procedures and document control, by performing and following up internal and external audits of departments and service providers, and by proposing improvements. It also performs regulatory watch activities and checks all documentation issued by the Company and which is submitted to the regulatory authorities within the context of clinical and preclinical trials.
- Risk management is the responsibility of the Risk Committee in conjunction with the Audit Committee. It is deployed across the whole of the Group by department heads. This committee meets two to three times per year to update risk mapping and to reflect on strategies for reducing the impact of major risks. It reports to the Strategy Committee which validates their mapping and action plans.
- Finally, employees are responsible for day-to-day compliance with the standards and guidelines that relate to their area as well as the reliability and relevance of the information they generate or transmit. To this end, they have the resources of the documentary system validated by Quality Assurance (200 procedures and processes) – a system whereby adequate training is regularly provided and employees are continuously invited to update and improve, and their activity is governed by a system of monthly internal control reviews described above.

These provisions are supplemented by the intervention of external agents, including the auditors, who are not within the context of their legal mission part of the internal control and risk management system. However, the system is reviewed by the auditors who issue an opinion as to its relevance. Each year, they perform an inspection of the Group as part of their legal task of certifying the consolidated accounts and of auditing the Group’s individual company accounts. Currently, in accordance with French commercial company law, certification of the BioAlliance Pharma consolidated and individual company accounts is carried out by two auditors who carry out a joint review of all accounts, their preparation methods and certain internal control procedures relating to the production of accounting and financial information. The auditors present their comments on the Chairman’s report, on those internal control procedures that relate to the preparation and treatment of accounting and financial information, and certify that other information required by law has been produced.

5.2.3 Main developments

The Company is pursuing its policy aimed at improving its internal control systems.

In 2013, the Company will apply itself to improving the risk management system and the monitoring of identified action plans. To achieve this, in 2012 the Company committed itself to simplifying its risk mapping by grouping risks by family (20 risks identified by the end of 2012 versus 64 at the end of 2011), by isolating the causes of the risks themselves and by redesignating risk categories. The Company will also update its internal control framework taking into account developments to its internal organization and activity as well as greater reconciliation with the risk management process.

5.2.4 Auditors' Report, established in application of Article L.225 - 235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of BioAlliance Pharma

To the Shareholders,

In our capacity as statutory auditors of BioAlliance Pharma and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present to you our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225 - 37 of the French Commercial Code for the financial year ending 31 December 2012.

It is the Chairman's responsibility to prepare and submit for the approval of the Board a report giving an account of the internal control and risk management procedures put in place within the company and which provides other information required by Article L. 225-37 of the French Commercial Code, relating in particular to matters of corporate governance.
It is our responsibility:

- to relate to you our observations concerning the information contained in the Chairman's report on the procedures of internal control and risk management relating to the preparation and treatment of accounting and financial information and
- to certify that the report contains other disclosures as required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to verify the accuracy of these other disclosures.

We conducted our work in accordance with the professional standards applicable in France.

Information on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Professional standards require diligence on our part to assess the truthfulness of the information concerning risk management and internal control procedures relating to the preparation and treatment of accounting and financial information contained in the Chairman's report. These procedures include:

- taking cognizance of internal control and risk management procedures in the preparation and treatment of accounting and financial information underlying the information presented in the Chairman's report as well as of existing documentation;

- reviewing the work involved in the preparation of this information and the existing documentation;
- determine if any major internal control deficiencies relevant to the preparation and treatment of accounting and financial information that we may have found in the course of our mission are the subject of appropriate disclosure in the Chairman's report.

On the basis of this work, we have no comments to make on the information concerning the company's procedures of internal control and risk management relating to the preparation and treatment of accounting and financial information contained in the report of the Chairman of the Board of Directors, established in accordance with the provisions of Article L. 225 - 37 of the French Commercial Code.

Additional information

We certify that the report of the Chairman of the Board of Directors includes the additional information required under Article L. 225 - 37 of the French Commercial Code.
Paris-La-Défense and Paris, 16 April 2013

The Statutory Auditors

ERNST & YOUNG Audit	**Grant Thornton** **French member of Grant Thornton International**
Béatrice Delaunay	Olivier Bochet

6. FINANCIAL STATEMENTS OF BIOALLIANCE PHARMA

Historical Financial Information

Pursuant to Article 28 of (EC) Regulation no. 809/2004 of the Commission, the following information is included by reference in this reference document:

- the consolidated and individual company financial statements and related reports contained on pages 114 to 186 of the fiscal 2011 reference document filed with the AMF on 24 April 2012, under number D.12-0393;

- the consolidated and individual company financial statements and related reports contained on pages 77 to 134 of the fiscal 2010 reference document filed with the AMF on 7 April 2011 under number D.11-0251;

Pro forma financial information

Not applicable.

6.1. Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS €	31/12/2012	31/12/2011	Note
Non-current assets			
Intangible assets	32,519	26,640	4
Tangible assets	1,085,533	1,400,693	5
Financial assets	421,565	365,676	
Other non-current assets	0	0	
Total non-current assets	1,539,616	1,793,009	
Current assets			
Inventories and work in-progress	2,739	1,444	
Trade receivables	2,088,957	456,245	6
Other receivables	3,985,696	3,164,189	6
Marketable securities	7,892,826	25,800,489	6
Cash	6,610,308	2,865,170	
Total current assets	20,580,526	32,287,537	
TOTAL ASSETS	**22,120,142**	**34,080,544**	

LIABILITIES €	31/12/2012	31/12/2011	Note
Shareholders' equity			
Share capital	4,414,929	4,414,929	7
Less: treasury shares	(25,147)	(50,000)	7
Additional paid-in capital	118,081,366	118,054,366	
Reserves	(99,180,837)	(84,895,409)	
Minority interests	0	0	
Net income/(loss) for the year	(11,547,921)	(14,622,175)	
Total shareholders' equity	11,742,389	22,901,711	
Non-current liabilities			
Provisions	751,910	547,457	8
Other payables	3,479,260	3,580,122	8
Total non-current liabilities	4,231,170	4,127,579	
Current liabilities			
Short-term debt	56,391	170,016	
Trade payables	3,791,419	3,863,547	9
Other liabilities	2,298,232	3,017,691	9
Total current liabilities	6,146,582	7,051,254	
TOTAL LIABILITIES AND EQUITY	**22,120,142**	**34,080,544**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€	31/12/2012	31/12/2011	Note
Recurring net sales from licensing agreements	975,512	1,364,713	
Non-recurring net sales from licensing agreements	3,010,132	1,451,144	
Other net sales	42,480	415,052	
Total net sales	**4,028,124**	**3,230,909**	11
Other income	546	11	
Purchases	(375,231)	(749,602)	
Personnel costs	(4,821,647)	(7,182,856)	11
External expenses	(7,938,743)	(8,799,919)	11
Taxes other than on income	(1,946,732)	(831,674)	11
Depreciation and amortization, net	(241,955)	(509,761)	
Allowances to provisions, net	(106,130)	82,684	
Other operating income	15,364	0	
Other operating expenses	(155,799)	(178,228)	
Operating expenses	**15,559,238**	**18,169,356**	
Operating income/(loss)	**(11,515,203)**	**(14,938,436)**	
Income from cash and cash equivalents	249,520	608,592	
Other financial income	21,640	44,488	
Financial expenses	(303,879)	(336,819)	
Financial income	**(32,718)**	**(316,261)**	12
Income/(loss) before taxation	**(11,547,921)**	**(14,622,175)**	
Income tax expense	0		13
Net income/(loss)	**(11,547,921)**	**(14,622,175)**	
Shareholders' equity	(11,547,921)	(14,622,175)	
Minority interests			
Earnings per share	(0.65)	(0.83)	12
Diluted earnings per share	(0.65)	(0.83)	12

€	31/12/2012	31/12/2011	Note
Income/(loss) for the period	(11,547,921)	(14,622,175)	
Other comprehensive income	0	0	
Exchange rate differences	(7,005)	5,222	
Losses and gains on derecognition of assets available for sale	0	0	
Cash flow hedges	0	0	
Share based payment	339,465	376,352	
Tax related to elements of the comprehensive income	0	0	
Other elements of the comprehensive income for the period net of taxes	339,490	381,574	
Total comprehensive income for the period	(11,215,431)		
Total comprehensive income attributable to			
Owners of the parent company	(11,215,431)	(14,240,601)	
Minority interests			

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

				CHANGE IN RESERVES AND RETAINED EARNINGS					
In €	**Share capital**	**Treasury shares**	**Additional paid-in capital**	**Translation adjustment**	**Share-based payments**	**Reserves and retained earnings**	**Total**	**Minority interests**	**TOTAL**
Shareholders' equity at 31/12/2010	**3,384,018**	**(165,209)**	**100,811,181**	**11,367**		**(85,188,875)**	**(85,177,508)**	**0**	**18,852,482**
Income/(loss) for the period				5,222	376,352	(14,622,175)	(14,240,601)		(14,240,601)
Capital increase	1,030,911		17,243,184				0		18,274,095
Capital reduction							0		
Treasury shares		115,209				(94,032)	(94,032)		21,177
Translation adjustment						(5,442)	(5,442)		(5,442)
Dividends							0		0
Shareholders' equity at 31/12/2011	**4,414,929**	**(50,000)**	**118,054,365**	**16,589**	**376,352**	**(99,910,524)**	**(99,517,583)**	**0**	**22,901,711**
Income/(loss) for the period				(7,005)	339,495	(11,547,921)	(11,215,431)		(11,215,431)
Capital increase			27,000				0		27,000
Capital reduction							0		0
Treasury shares		24,853				9,974	9,974		34,827
Translation adjustment						(5,718)	(5,718)		(5,718)
Dividends							0		0
Shareholder's equity at 31/12/2012	**4,414,929**	**(25,147)**	**118,081,365**	**9,584**	**715,847**	**(111,454,189)**	**110,728,758**	**0**	**11,742,389**

CONSOLIDATED CASH FLOW STATEMENT

	12/31/2012	12/31/2011	12/31/2012
Consolidated net income/(loss)	(11,547,921)	(14,622,175)	2,809,301
+/- Depreciation, amortization and provisions, net (excluding provisions against working capital)	603,058	409,731	374,666
-/+ Unrealized gains and losses related to changes in fair value	38,424	(4,384)	(4,887)
+/- Non-cash income and expenses on stock options and similar items	339,495	376,352	202,104
-/+ Other non-cash income and expenses	(99,730)	103,971	24,241
-/+ Capital gains or losses on disposal	(75)	0	150,877
-/+ Capital gains or losses on dilution			
+/- Share of earnings of associates			
- Dividends (non-consolidated investments)			
Gross operating cash flow after cost of net debt and taxes	(10,666,749)	(13,736,505)	3,556,302
+ Cost of net debt	(5,706)	(70,559)	(64,118)
+/- Tax expense (including deferred taxes)			
Gross operating cash flow before cost of net debt and taxes	(10,672,454)	(13,807,064)	3,492,184
- Taxes paid			
+/- Change in working capital (including employee benefit liabilities) (1)	(3,409,121)	2,122,813	(63,837)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(14,081,575)**	**(11,684,251)**	**3,428,347**
- Expenditures on acquisition of tangible and intangible assets	(53,813)	(155,018)	(324,829)
+ Proceeds of disposal of tangible and intangible assets	1,262	0	0
- Expenditures on acquisition of financial assets (non-consolidated investments)	(10,622)	(7,793)	(1,948)
+ Proceeds of disposal of financial assets (non-consolidated investments)	137	1,629	150
+/- Effect of changes in scope of consolidation			
+ Dividends received (equity accounted investments, non-consolidated investments)			
+/- Change in loans and advances granted			
+ Capital grants received			
+/- Other flows related to investment activities			
NET CASH FLOWS FROM INVESTING ACTIVITIES	(63,036)	(161,181)	(326,627)
+ Net amounts received from shareholders on capital increases			
. Paid by shareholders of the parent company	27,000	18,274,095	3,022,124
. Paid by minority shareholders in consolidated companies			
+ Amounts received on exercise of stock options			
-/+ Purchases and sales of treasury shares	34,827	21,177	57,585
- Dividends paid in the year			
. Dividends paid to shareholders of the parent company			
. Dividends paid to minority shareholders in consolidated companies			
+ Amounts received on issuance of new loans	56,436	44,091	
- Reimbursements of loans (including finance leases)	(122,606)	(16,663)	(14,826)
- Net interest received (including finance leases)	70,679	156,038	64,118
+/- Other flows related to financing activities	(71,527)	1,085,345	6,133
NET CASH FLOWS FROM FINANCING ACTIVITIES	(5,191)	19,564,083	3,135,134
+/- Effect of fluctuations in foreign exchange rates	(12,723)	(326)	152
CHANGE IN CASH AND CASH EQUIVALENTS	(14,162,525)	7,718,324	6,237,006
Cash and cash equivalents at start of year	28,665,659	20,947,335	14,710,329
CASH AND CASH EQUIVALENTS AT YEAR END	14,503,134	28,665,659	20,947,335
(1) Prior to allocation of the research and development tax credit, see note 6.3			
(2) Cost of financial debt, see note 12			
(3) including 102,482 in reimbursable advances received			
WORKING CAPITAL	12/31/2012	12/31/2011	Change
Inventories	2,739	1,443	1,296
Trade receivables	2,068,957	456,245	1,632,712
Other receivables	3,985,696	3,164,189	821,507
	6,077,392	3,621,877	2,455,515
Financial liabilities	1,081,454	1,343,203	(261,749)
Trade payables	3,791,419	3,863,547	(72,128)
Other payables	2,298,232	3,017,691	(719,459)
	7,171,105	8,224,441	(1,053,336)
Working capital	1,093,713	4,602,564	(3,508,851)
IRDP liabilities	372,187	272,457	99,730
Variation in WCR related to the business (including liabilities related to employee benefits)			(3,409,121)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2012

NOTE 1: SIGNIFICANT EVENTS AND TRANSACTIONS

BioAlliance Pharma is a company dedicated to specialty and orphan pharma products in oncology and supportive care, with a focus on resistance targeting. It conceives and develops innovative products for specialty markets especially in hospital settings and for orphan or rare diseases.

SIGNIFICANT GROWTH IN OUR PORTFOLIO OF PRODUCTS

- **Launch of the Livatag® phase III clinical trial**

In June 2012, BioAlliance Pharma began the Livatag® trial, which is a Phase-III clinical trial that aims to show Livatag®'s effectiveness on the survival of nearly 400 primary liver cancer patients after failure of, or intolerance to, sorafenib.

There are nearly 15 hepatology centers operating in France which have started to recruit the first patients. Over the short and medium term, BioAlliance Pharma plans to extend the trial abroad.

- **Continuation of the Validive® (clonidine Lauriad™) Phase II trial**

The Validive® Phase II trial continued in 2012. At 31 December, nearly 50% of the patients planned for the trial had been recruited.

This trial, which is underway in France, Germany and Spain, is currently being extended to four other European countries. Other centers outside France will be opened in 2013.

- **Progress of the AMEP®project**

Several stages of the AMEP® biotherapy, for the treatment of metastatic melanoma, were completed in the course of the year, including:

- Authorization of the AMEP® Phase I/II trial when AMEP® is administered intramuscularly to establish its efficacy and tolerance levels through the systemic route. Recruitment of the first patients will begin in 2013.
- Signing of a partnership agreement with the Herlev Hospital in Copenhagen, for an additional Phase I trial to be conducted in Denmark.

- **Progress in registering Sitavig® in the United States and Europe**

In May 2012, BioAlliance Pharma obtained acceptance of the registration file of Sitavig® by the Food and Drug Administration (FDA) for the treatment of recurrent herpes labialis in the United States. The FDA has been evaluating this file since this date.

Moreover, in December 2012, the company obtained approval for Sitavig® in eight European countries, following a decentralized procedure. Registration applications for Sitavig® in other European countries will continue from the first quarter 2013.

CHANGES IN COMMERCIAL PARTNERSHIPS

- **Oravig® licensing agreements in the United States**

In September 2012, BioAlliance Pharma signed an exclusive licensing agreement with Vestiq Pharmaceuticals Inc. to market Oravig® in the United States (Oravig® is the US trademark for Loramyc®).

This agreement provides for the payment by Vestiq of a sum of up to 44 million US dollars, including non-conditional payments and payments related to sales. Royalties on sales are also provided for. Moreover, Vestiq obtained marketing authorization for Oravig® in the United States and, as such, will bear the costs associated with maintaining this authorization. After having ordered and placed the product with distributors at the end of 2012, Vestiq effectively began to market Oravig® through its sales force in January 2013.

At 31 December 2012, BioAlliance Pharma had billed Vestiq for two million dollars (1.6 million euros), falling due when the first order for the product is made; payment was received at the beginning of 2013. BioAlliance Pharma will have received other non-conditional payments totalling seven million dollars in the 24 months following this first payment.

- **Commercial development of Loramyc® in emerging countries**

The Group implemented a distribution strategy for Loramyc® in emerging countries and, as such, an initial agreement was signed in 2012 with the company Shafayab Gostar for distributing the product in Iran. Under this agreement, Shafayab Gostar will be in charge of importing, promoting and marketing Loramyc® on the Iranian market, once the product has been registered with the Iranian authorities. BioAlliance Pharma will continue to hold the marketing authorization for the product in Iran.

This international distribution strategy benefits from a grant from COFACE for a total of 1.3 million euros. The grant received each year will be proportional to the incurred expenses of canvassing export markets. In respect of the 2012 financial year, this grant amounted to 56 thousand euros.

- **First licensing agreement for Sitavig® in Israel**

In mid-June 2012, BioAlliance Pharma signed an exclusive licensing agreement with Abic Marketing Limited, a Teva group subsidiary, to market Sitavig® in Israel.

The financial arrangements of this licensing agreement were not made public. This agreement provides for Teva to pay BioAlliance Pharma a set amount on signature, interim instalments, and royalties on sales in Israel.

1.1. POST BALANCE SHEET EVENTS

At the end of January 2013, the Company agreed a PACEO equity financing facility with Société Générale in support of accelerating its development projects and external growth strategy. This flexible tool enables the bank to subscribe, on demand of BioAlliance Pharma, to successive capital increases over a 24-month period, by tranche of at most 400,000 shares up to a total of 1,765,000 shares (i.e. 9.9% of share capital at end-2012). The subscription price will represent a 5% discount compared with the weighted average share price of the three trading sessions preceding the issuance of each tranche. The new shares are intended for sale on the market: Société Générale is not entitled to keep them.

NOTE 2: ACCOUNTING PRINCIPLES, RULES AND METHODS

2.1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of BioAlliance Pharma as at 31 December 2012 have been prepared under the responsibility of the Company's Chief Executive Officer and were approved by its Board of Directors on 15 April 2013.

The financial statements were prepared on a going concern basis.

The consolidated financial statements at 31 December 2012 were prepared in accordance with international accounting standards issued by the IASB (International Accounting Standards Board), as published by the IASB on 31 December 2012, and with international standards as adopted by the European Union at 31 December 2012.

The standards adopted by the European Commission may be consulted on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The accounting principles and methods applied for the consolidated financial statements at 31 December 2012 are identical to those used in the consolidated financial statements at 31 December 2011, with the exception of international financial reporting standards, amendments and interpretations as adopted by the European Union and the IASB, which are compulsory for financial years beginning on or after 1 January 2012 (and which had not been applied early by the Group), namely:

Standard	**Name**
Amendments to IFRS 7	Disclosure of transfers of financial assets

Applying these standards, amendments and interpretations had no significant effect on the consolidated financial statements of the Group.

Moreover, the other standards, amendments and interpretations issued by the IASB and IFRIC (International Financial Reporting Interpretations Committee) at 31 December 2012, and not made mandatory at this date (see table below), had not yet been adopted by the European Union and not applied early by the Group.

Standard	Application date set by the EU (financial years in progress as from)
Amendments to IAS 1 – Presentation of OCI (other comprehensive income)	01/07/2012
Amendments to IAS 19 – Post-employment benefits	01/01/2013
Annual improvements to IFRS (2009-2011)	01/01/2013
IFRS 10 - Consolidation	01/01/2014
IFRS 11 - Partnerships	01/01/2014
IFRS 12 – Disclosure on involvement with other entities	01/01/2014
IFRS 13 – Fair value valuation	01/01/2013
Revised IAS 27 – Individual company financial statements	01/01/2014
Revised IAS 28 – Investments in associates	01/01/2014
Amendments to IAS 12 – Recovery of underlying assets	01/01/2013
Amendments to IFRS 7 – Offsetting financial assets and financial liabilities (accounting and disclosure of)	01/01/2013
Amendments to IFRS 1 – First application of IFRS concerning hyper inflation and removal of fixed application dates*	01/01/2013
IFRIC 20 – Stripping costs in the production phase of a surface mine*	01/01/2013
Amendments to IAS 32 – Offsetting financial assets and financial liabilities (accounting and disclosure of)	01/01/2014

*Because of the type of business the Group conducts, this amendment and interpretation thereof do not apply

The Company is presently analyzing the impact of these standards, amendments and interpretations, which are currently not mandatory. The expected impact mainly concerns the consequences of applying the IFRS 11 standard (see 2.2).
The preparation of consolidated financial statements in conformity with IFRS requires the Group's management to use estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of preparation of the financial statements as well as the reported

revenues and expenses in the profit and loss account. Management uses estimates and assumptions on the basis of past experience and taking into account various factors considered reasonable for the valuation of assets and liabilities. The use of different assumptions could have a material impact on these valuations. The estimates made by management when preparing the financial statements include the assumptions used to calculate:

- pension obligations (see note 2.9.1),
- share-based payments (see note 6.2),
- provisions (see note 7.1.1.).
- recording in sales the sums received from the signing of licensing agreements (note 11.1)

The information provided in respect of assets and liabilities existing at the date of preparation of the consolidated financial statements also uses estimates (see note 13).

The financial statements are prepared in accordance with the historical cost convention, with the exception of certain financial assets and liabilities measured at fair value.

2.2. SCOPE OF CONSOLIDATION

The parent company BioAlliance Pharma has its registered office at 49, Boulevard du Général Martial Valin in Paris (15e). The Group's companies close their accounts on 31 December of each year.

The scope of consolidation includes the following companies:

- **Laboratoires BioAlliance Pharma**, a simplified limited company (SAS), wholly owned by BioAlliance Pharma, fully consolidated.
- **SpeBio BV**, a Dutch company established in Amsterdam, Netherlands, a 50-50 joint venture with SpePharm BV, consolidated using proportionate consolidation. Because of ongoing litigation, BioAlliance Pharma has not approved Spebio's accounts since 2009: it contests, in particular, Spebio's attributing an expense in its accounts of 480,000 euros to Group shareholders for lawyers' and management fees. These expenses are however included in the Group's consolidated accounts. Moreover, IFRS 11 now provides for accounting for investments in joint ventures only by the equity method; proportional consolidation will be removed when the standard comes into force. The table below shows the impact of IFRS 11's coming into force on the consolidation of SpeBio.

In €	Balance sheet date	Balance sheet total	Total current assets	Total share-holders' equity	Total debt	Total current debt	Net sales	Consoli-dated net profit/ (loss)
Spebio 100%	31/12/2012	70,707	70,707	-3,859,301)	3,930,008	3,930,008	0	-166,454
Consolidated part		**35,353**	**35,353**	**-1,929,615**	**1,965,004**	**4,90,004**	**0**	**16,773**
Impact IFRS 11 equity method		-1,929,615		-1,929,615				16,773

- **BioAlliance Switzerland**, a Swiss company established in Geneva, Switzerland, wholly-owned by BioAlliance Pharma, fully consolidated.

Intercompany transactions and balances arising from transactions between group companies have been eliminated. The subsidiaries' accounting policies have been aligned with those of the Group.

2.3. SEGMENT REPORTING (IFRS 8)

The Group has not identified any distinct operating segments at present. In accordance with IFRS 8.32 and 33, information on the breakdown of revenue by geographical area and product portfolio ("orphan products in oncology" and "specialty products") is shown in note 11.1. Moreover, it is stated in reference to this standard that the Group's non-current assets are all located in France.

2.4. FOREIGN CURRENCY TRANSLATION (IAS 21)

2.4.1. Financial statements prepared in foreign currencies

The assets and liabilities of companies having a functional currency other than the euro and not operating in a hyperinflationary economy are translated into euros at the exchange rates prevailing at the balance sheet date. Their profit and loss accounts are translated at the average exchange rates for the year.
Differences arising from application of these translation methods to balance sheet and profit and loss account items are recognized in equity, under 'Translation adjustments' for the Group share and under 'Minority interests' for the minority share. When the foreign entity is sold, these translation adjustments are recognized in the profit and loss account as part of the gain or loss on disposal.

2.4.2. Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, cash and cash equivalents and operating receivables and payables denominated in foreign currencies are translated into euros on the basis of the closing exchange rate for the year. Any foreign exchange gains or losses resulting from this translation are recognized in the profit and loss account for the year.

2.5. NON-CURRENT ASSETS

2.5.1. Intangible assets (IAS 38)

- **SOFTWARE**

Costs related to the acquisition of software licenses are recognized in assets on the basis of the costs incurred both to acquire the software and to put it into operational use.

Software is amortized over a period of 12 months on a straight-line basis, which corresponds to its estimated useful life.

- **PATENTS**

Patents created by BioAlliance Pharma are recognized in expenses or activated in line with the accounting treatment for research and development costs set out below.

In application of the criteria set out in IAS 38, patents acquired by BioAlliance for consideration are capitalized and amortized. The amortization period generally applied by BioAlliance is 10 years, which corresponds to the estimated useful life of the patents.

- **RESEARCH AND DEVELOPMENT COSTS**

Research costs are always expensed.

Development costs are capitalized once the conditions set out in IAS 38 are satisfied. The Company considers that the six criteria set out in IAS 38 are not satisfied until such time as a marketing authorization is obtained.

- **LICENSING AGREEMENTS**

Licensing agreements under which the Group acquires, from a third party, a license for the right to sell a product in a given geographical area generally involve an upfront payment at the date of signature, various other additional payments which are subject to the achievement of regulatory and sales objectives, and payment of royalties on sales.

These licensing agreements generally relate to products undergoing clinical development. Upfront payments represent a participation in funding research and development costs and are thus fully expensed in the year in which the contract is signed. Earn-out payments are in the form of royalties for marketing rights and, as such, they are expensed over the period in which they are contractually due.

2.5.2. Tangible fixed assets (IAS 16)

In accordance with IAS 16, tangible fixed assets are recognized at acquisition cost less accumulated depreciation and impairment losses. Depreciation of tangible fixed assets is calculated on a straight-line basis.

The most common depreciation periods are as follows:

Plant & equipment	5 years
Specialized equipment	5 years
General facilities	10 years
Office and computer equipment	4 years
Furniture	5 years

2.5.3. Asset impairment

When they have a finite useful life, intangible assets are amortized over their useful life as estimated by the Group. When they have indefinite useful lives, they are not amortized but are subjected to annual impairment tests.

Tangible assets are subjected to impairment tests as soon as an indication of impairment is identified.

2.6. FINANCIAL ASSETS

Financial assets included in the scope of IAS 39 are classified either in financial assets at fair value through profit or loss, in loans and receivables, in investments held to maturity, or in available-for-sale financial assets. On initial recognition, financial assets are measured at fair value, increased, in the case of investments that are not recognized at fair value through profit or loss, by directly attributable transaction costs.

The Group determines the classification of its financial assets at the date of initial recognition and, in cases where it is authorized and appropriate to do so, revises this classification at each year-end.

Non-current financial assets include long-term investments, which include:
- pledged cash mutual funds;
- deposits and guarantees, mainly corresponding to leased premises;
- and the 'cash' portion of the liquidity contract related to the purchase of treasury shares (note 7.3).

Current financial assets include trade receivables, other current assets, and cash and cash equivalents:
- other current assets include research tax credit receivables (portion less than one year);
- cash includes available balances in bank current accounts;
- cash equivalents include cash mutual funds and other minimally volatile mutual funds which can be converted to cash at any time and which do not present liquidity risks.

These assets are recognized, depending on their nature, on the basis of the following policies:

- *Investments held to maturity at amortized cost*

The Group does not have any such investment at present.

- *Assets at fair value through profit or loss*

Financial assets at fair value through profit or loss account include financial instruments designated as being measured at fair value through profit or loss account as from the date of their initial recognition, in accordance with the conditions of application of the fair value option which can apply to items that are managed, and whose performance is measured, on the basis of fair value.
This item includes bank current accounts and cash mutual funds that can be converted to cash, or sold in the very short term, and which do not present significant risks of loss of value if interest rates were to change.
These assets are classified in the balance sheet under *Cash and cash equivalents*

These financial assets are recognized at fair value, without deduction of any transaction costs which could be incurred on their sale. All gains and losses, whether realized or unrealized, arising on changes in the value of these assets, are recognized in the profit and loss account under *Income from cash and cash equivalents*.

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, loans and receivables are measured in accordance with the amortized cost method, applying the effective interest rate, net of any impairment.
This category includes deposits and guarantees recognized in non-current assets and operating receivables (trade receivables and other current assets) recognized in current assets.

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost. They are discounted when their due date for settlement is more than one year. The difference between the fair value and the amount recognized in the balance sheet is recognized through the profit and loss account.

These assets may be subject to a provision for impairment if objective indications of impairment exist. The amount of the impairment is equal to the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding future credit losses which have not yet been incurred), discounted at the original effective interest rate (i.e. at the effective interest rate calculated at the date of initial recognition).

The carrying amount of the asset is reduced using an impairment provision account. The impairment is recognized through the profit and loss account and is reversible if the recoverable amount changes favorably in the future: If the amount of the impairment decreases during a subsequent accounting period, and if this reduction can be objectively linked to an event which occurred after the recognition of the impairment loss, the impairment loss previously recognized should be reversed. However such reversal cannot have the effect of causing the carrying amount to become greater than the amortized cost at the date of reversal of the impairment.

As regards trade receivables, an impairment loss is recognized when the expected cash flows at the balance sheet date are less than the carrying amount. The analysis of the risk is carried out case by case, taking account of criteria such as the client's financial situation (probability of bankruptcy or significant financial difficulties), the age of the receivable or the existence of a dispute.

- *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in one of the three previous categories. After initial recognition, available-for-sale financial assets are measured at fair value and gains and losses arising in relation to them are recognized through equity. When an available for sale financial asset is derecognized or impaired, the cumulative profit or loss previously recognized through equity is taken to the profit and loss account.

2.7. INVENTORIES

Inventories are stated at the lower of cost or net realizable value.
Cost is calculated in accordance with the average weighted cost method. The cost of finished goods and work in progress incorporates the cost of raw materials, direct costs and general production overheads.
Impairment is calculated by comparing the value of the inventories at the balance sheet date with cost.

2.8. SHARE-BASED PAYMENTS (IFRS 2)

Founder's share purchase warrants (BCEs) and stock options granted to employees that vested after 1 January 2005 are measured at the date of grant in accordance with IFRS 2, with recognition of an expense in the profit and loss account. The valuation is performed using the Black & Scholes model. If the instruments are subject to performance conditions, the binomial model is used. Implementation of these two methods notably requires making certain assumptions regarding the underlying BioAlliance Pharma share price as well as regarding volatility.

Full vesting of BCEs, stock options and free shares granted to group employees is subject to a condition under which the individuals must be employed by the Group at the vesting date. If an employee leaves before this date, this condition is not satisfied and the employee forfeits his rights. In this situation, the Group applies the so-called 'forfeiture' method under which all previously-recognized expenses are credited in profit and loss.

2.9. NON-CURRENT LIABILITIES

2.9.1. Employee benefit obligations (IAS 19)

- **POST-EMPLOYMENT BENEFITS**

Post-employment obligations are recognized in provisions. In accordance with IAS 19, the actuarial valuation method used is the Projected Unit Credit Method Service Prorate, which is based on financial (discount rate, inflation rate) and demographic (rate of increase in salaries, employee turnover rate) assumptions.
This method enables the present value of the benefit obligation to be determined on the basis of services rendered by the employee at the valuation date. The Group does not apply the corridor method.

- **OTHER COMMITMENTS TO EMPLOYEES**

Other commitments to employees, in particular those related to long-service awards, are not material.

2.9.2. Provisions for litigation

Provisions correspond to obligations resulting from sundry litigation and risks, whose timing and amount is uncertain, to which the Group may be exposed in the context of its operations. A provision is recognized where the Group has a legal or constructive obligation to a third party, as a result of a past event, which it is probable or certain will lead to an outflow of resources to the third party without receipt of equivalent consideration, where such future cash outflows can be estimated reliably.

2.10. FINANCIAL LIABILITIES

Bank borrowings and debt instruments are initially recognized at fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Gains and losses are recorded in the profit and loss account when the debt is derecognized, as well as through the amortized cost mechanism. The amortization expense as calculated in application of the effective interest rate method is recognized under *Financial income/expense, Cost of debt*.

2.11. OTHER CURRENT LIABILITIES

2.12.

Current liabilities are stated at fair value.

2.13. NET SALES

The Group's net sales include income from the sale of pharmaceutical products, income generated under licensing agreements and income from services rendered.
Sales of goods are recognized under net sales at the date of transfer to the client of the risks and rewards inherent in ownership. They are measured on the basis of the price stipulated in the contract of sale.

Agreements under which the Group issues a license to a third party providing it with rights to market one or more products in its portfolio generally involve an upfront payment at the date of signature, various other additional payments which are subject to the achievement of regulatory and sales objectives and royalties on sales.
In accordance with IAS 18:

- payments due under the signing of a licensing agreement, representing the contracting party's share of R&D investments incurred by the Company, are initially recorded as deferred revenue and subsequently taken to the profit and loss account until the estimated date of obtaining the marketing authorization.
- subsequent payments related to the fulfillment of a condition are immediately recognized in other income during the period in which the condition is met.

Royalties earned are recognized in net sales on the basis of (i) the sales figures achieved by the partners in the period and (ii) the contractual royalty rates.

2.14. OPERATING GRANTS

In accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', grants whose amounts are related to the pattern of corresponding costs are classified as a deduction from the corresponding expenses.

2.15. REFUNDABLE ADVANCES

Refundable advances are recorded under "Other liabilities" They are initially stated at fair value, which in most cases corresponds to their nominal value, then at amortized cost.

2.16. DEFERRED TAXES

A deferred tax asset is recognized for tax loss carry forwards and unused tax credits where it is probable that future taxable profits against which these items can be offset will be available.
A deferred tax liability is recognized for all taxable temporary differences.

2.17. RESEARCH TAX CREDIT

In accordance with IAS 1, the research tax credit is presented as a deduction from the corresponding income and expense accounts according to their nature, as follows:

NOTE 3: MANAGEMENT OF RISKS RELATED TO FINANCIAL INSTRUMENTS (IFRS 7)

The Group's operational and financial activities expose it to the following main risks linked to the financial instruments employed:

3.1.1. Liquidity Risks

The Company is not structurally a borrower. The only financial liabilities are advances from public organizations (including from OSEO) as part of R&D programs, which are repayable only in the event of commercial or technical success. There is no short-term risk and repayment is dependent on revenue being generated by the projects financed by such advances.

3.1.2. Market risk

Only available-for-sale financial assets (see note 9) are subject to market risk. They correspond to the portion invested in BioAlliance Pharma shares of the liquidity contract implemented by the Company with CM-CIC Securities. The value of these shares depends on the share price on the NYSE Euronext Paris market.

3.1.3. Counterparty risk

The counterparty risk is limited to investments made by the Company. These investments are in leading establishments, and the Company monitors its exposure to counterparty risk on a continual basis.

3.1.4. Foreign exchange risk

Because the Company has implemented no foreign exchange hedging instruments, this point is not applicable.

3.1.5. Interest rate risk

Since the Company has not incurred debt, this point does not apply.

NOTE 4: INTANGIBLE ASSETS

4.1 RESEARCH AND DEVELOPMENT COSTS

Research costs and development costs incurred in 2012 were expensed in the amount of €9,258,462.

Since obtaining the marketing authorization for Loramyc® for France, no significant development costs have been incurred on this product for the country in question. No development costs were thus capitalized during the year.

4.2 PATENTS

In €	01/01/2012	Increase	Decrease	31/12/2012
Gross value	187,178			187,178
Amortization, depreciation and provisions	(182,094)	(1,000)		(182,094)
Net value of patents	**5,084**	**(1,000)**	**-**	**4,084**

4.3 SOFTWARE

In €	01/01/2012	Increase	Decrease	31/12/2012
Gross value	419,119	14,689		433,808
Amortization, depreciation and provisions	(397,563)	(7,810)		(405,373)
Net value of software	**21,556**	**6,879**	**0**	**28,435**

4.4 IMPAIRMENT

No intangible asset shows any indication of impairment and no impairment loss was thus recognized at 31 December 2012.

NOTE 5: TANGIBLE ASSETS

5.1 MOVEMENTS IN THE YEAR

In €	01/01/2012	Increase	Decrease	31/12/2012
Gross value	3,517,375	39,124	1,262	3,555,237
Amortization, depreciation and provisions	(1,968,446)	(363,949)	(75)	(2,332,320)
Capital grants	(226,318)		(36,700)	(189,619)
Original value of lease	118,221			118,221
Accumulated amortization of lease	(40,138)	(25,849)		(65,987)
Net value of tangible assets	**1,400,693**	**(350,674)**	**(35,512)**	**1,085,533**

The change in tangible assets is due mainly to acquisitions of sundry laboratory and research equipment and computer equipment.

5.2 IMPAIRMENT

No tangible fixed asset shows any indication of impairment and no impairment loss was thus recognized at 31 December 2012.

NOTE 6: OTHER ASSETS

6.1 FINANCIAL ASSETS

In €	01/01/2012	Increase	Decrease	Fair value adjustment	Discounting	31/12/2012
Receivable from investments	372	137				509
Deposits and guarantees	141,247	10,485		10,439		162,170
Liquidity Contract						
- Treasury shares	0					0
- Cash	224,058	304,232	(269,405)			258,885
Net value of financial assets	**365,676**	**314,854**	**(269,405)**	**10,439**	**0**	**421,565**

6.2 TRADE RECEIVABLES

In €	31/12/2012	< 1 year	> 1 year	31/12/2011
Trade receivables, net	2,088,957	1,980,969	107,988	456,245

Trade receivables consist mainly of royalties on sales of Loramyc®/Oravig® paid by international partners Therabel and Vestiq as well as billing of services provided to Eurofins-VirAlliance Inc. and APR. The amount classified as "at more than one year" corresponds to services billed to Eurofins that are uncontested but pending the dispute's resolution.

6.3 OTHER RECEIVABLES

In €	31/12/2012	< 1 year	> 1 year	31/12/2011
Personnel	1,600	1,600		21,897
Research tax credit	1,978,587	1,978,587		1,120,957
Other tax receivables	759,382	759,382		846,773
Other receivables	462,123	462,123		523,913
Prepaid expenses	784,004	784,004		650,649
Net amount of other receivables	**3,985,696**	**3,985,696**	**0**	**3,164,189**

The research tax credit receivable of €1,978,587 related to the 2012 financial year is recoverable early in accordance with the legal provisions, and is therefore classified in full at less than one year. In accordance with IAS 20, it was presented in the profit and loss account as a deduction from the corresponding income and expense accounts according to their nature, as follows:

In €	31/12/2012	31/12/2011
Reduction in personnel costs	887,035	345,894
Reduction in external expenses	943,412	730,628
Reduction in depreciation and amortization	148,140	44,435
Total Research tax credit	**1,978,587**	**1,120,957**

Other tax receivables relate to VAT recoverable as well as a VAT repayment requested for an amount of €326,296. Other receivables in the amount of €462,123 comprise accrued income and prepayments to suppliers. Prepaid expenses correspond mainly to subcontracting scientific and marketing services and to rent.

6.4 CASH AND CASH EQUIVALENTS

In €	Net at 31/12/2012	Net at 31/12/2011	Change in cash and cash equivalents
Bank current accounts	6,610,308	2,865,170	3,745,138
Marketable securities available for sale	7,892,826	25,800,489	(17,907,663)
Total cash and cash equivalents	**14,503,134**	**28,665,659**	**(14,162,525)**

Bank current accounts are euro and US dollar accounts opened with Neuflize-OBC and Crédit du Nord. The increase in bank current accounts is due to the opening of deposit accounts to optimize cash investments.

The investments mainly comprise:

- shares in short-term money market funds (marketable securities) purchased from Neuflize-OBC and Crédit du Nord, available at any time and with low volatility and very low risk of changes in value in case of interest rate changes.
- short-term deposits of less than three months with a capital guarantee (bank current accounts), acquired from the banks Neuflize-OBC and Crédit du Nord, capable of boosting performance and that meet the definition of cash equivalents in accordance with IAS 7.6 and IAS 7.7.

The impact of the change in fair value of BioAlliance Pharma's marketable securities is a decrease in profits of €677,849, €1,210 of which from the marketable securities remaining in the Company's assets at 31 December 2012, the balance being linked to a transfer of short-term investments and current use of cash.

NOTE 7: SHAREHOLDERS' EQUITY

7.1 SHARE CAPITAL

7.1.1 Composition of share capital

Nominal value of shares	0.25 euros
Pledges and liens encumbering the shares	None
Treasury shares	5,283
Shares reserved for stock option grants	None

7.1.2 Capital management policy

Since its creation, the Group has financed its growth mainly through raising funds from private investors and public markets. Although BioAlliance pursues an active policy of agreements and licensing allowing for early and significant cash inflows (€54.4 million received from partners between 2007 and 2012), equity injections represent an important source of financing for the Group and this lever must allow it to dispose of adequate levels of cash to fund its growth, particularly in the short term during the years when it will not yet generate sufficient revenues to cover its development costs.

In order to reduce its share's volatility, the Group has also put in place a liquidity contract with a first-tier partner.

Lastly, the Group intends to encourage the loyalty of its employees through regular grants of stock options or free shares.

7.2 CHANGES IN COMPOSITION OF THE SHARE CAPITAL

	Nominal	Number of shares	€
Shares fully paid at 31/12/2012	0.25	17,659,715	4,414,929

There was no change in capital between 31/12/2011 and 31/12/2012.

7.3 TREASURY SHARES

In accordance with IAS 32, paragraph 33, treasury shares acquired in the context of the liquidity contract signed with CM-CIC Securities were deducted from shareholders' equity for an amount of €25,147. Gains on buying such shares, amounting to €9,974at 31 December 2012, were also recognized in equity under the standard.

7.4 RESERVES

Reserves, amounting to (€99,181), are made up mainly of a retained earnings deficit of (€100,695).

7.5 SHARE-BASED PAYMENTS

All disclosures concerning the BCEs, BSAs and stock options granted by the Group are set out in note 16 below.

7.5.1 Overall summary of expenses on BCEs, BSAs, stock options and free shares granted

The table below summarizes the total expense and the 2012 expense related to BCEs, BSAs, stock options and free shares granted by the Group:

	Total expense	Expense in 2012
Grant of SO 2006-4 on 25/04/2008	202,201	3,469
Grant of BSA L1 on 17/12/2008	30,152	584
Grant of BSA L2 on 06/04/2009	10,200	559
Grant of SO 2010-1 EMP on 25/08/2010	381,070	69,287
Grant of SO 2010 EXEC on 25/08/2010	5,400	1,350
Grant of SO 2010-2 EMP on 16/12/2010	53,920	14,341
Grant of SO EMP 2011-1 on 21/09/2011	143,948	63,207
Grant of SO EXEC 2011 on 21/09/2011	152,480	31,727
Grant of BSA M on 21/09/2011	96,595	59,350
Grant of SO EMP 2011-2 on 26/01/2012	3,036	1,449
Grant of SO EMP 2012-1 on 13/09/2012	187,264	28,989
Grant of SO EXEC 2012-1 on 13/09/2012	83,160	12,873
Grant of BSA N on 13/09/2012	144,655	52,310
TOTAL	1,494,081	339,495

NOTE 8: NON-CURRENT LIABILITIES

8.1 PROVISIONS

In €	31/12/2011	Allowances	Reversals		31/12/2012
			Used	Unused	
Post-employment benefit obligations	272,457	99,730			372,187
Provision for litigation and claims	275,000	204,723		100,000	379,723
Total non-current provisions	**547,457**	**304,453**	**-**	**100,000**	**751,910**

8.2 POST-EMPLOYMENT BENEFIT OBLIGATIONS (IAS 19)

The provision for post-employment benefit obligations amounted to €372,187, against €272,457 in 2011, representing a decrease in earnings of €99,730.

The actuarial assumptions applied were as follows:

	31/12/2012	31/12/2011
Collective bargaining agreement	Medical industry	Medical industry
Retirement age	Between 65 and 67 years, under the Pension Reform Act of 10 November 2010	Between 65 and 67 years, under the Pension Reform Act of 10 November 2010
Calculation date	31/12/2012	31/12/2011
Mortality table	INSEE 2012	INSEE 2010

Discount rate	2.69% (IBOXX corporates AA10+ rate)	4.6% (IBOXX corporates AA10+ rate)
Rate of salary increase	3%	4%
Employee turnover rate	By age category: - 0% from 16 to 24 years - 5.80% from 25 to 34 years - 3.57% from 35 to 44 years - 1.79% from 45 to 54 years - 1.34% above 55 years	By age category: - 0% from 16 to 24 years - 5.91% from 25 to 34 years - 2.53% from 35 to 44 years - 1.27% from 45 to 54 years - 1.27% above 55 years
Social charges	46% for BioAlliance Pharma	46% for BioAlliance Pharma

8.3 PROVISIONS FOR LITIGATION

Provisions for litigation and claims relate to ex-employees and suppliers.
As at 31 December 2011 the risks in the litigation underway with Eurofins and SpePharm could not be reliably measured, so no provision was made at 31 December 2012.

- **Litigation with Eurofins over a diagnostic technology for HIV drug resistance**

In October 2008, BioAlliance Pharma was informed of a civil action filed by companies in the Eurofins group against BioAlliance Pharma and one of its senior executives, in the State of Delaware (USA). The action concerns the use of intellectual property related to the phenotyping technology called Phenoscript®, an HIV resistance test, which BioAlliance Pharma developed before 2005 in collaboration with INSERM and the Institut Pasteur. At end 2005, BioAlliance Pharma transferred its intellectual property and licensing rights to Eurofins, for the purpose of optimizing its international commercial development.

Eurofins alleges that the value of the assets transferred is compromised by the rights of a third party, which rights existed before the transfer and were not disclosed, and that a new invention developed by BioAlliance Pharma was not offered to it. As such, Eurofins sought to have the agreement related to the transfer rescinded, along with the award of damages. BioAlliance Pharma contests the merit of these allegations and immediately submitted an application for withdrawal of the case from the US courts. In September 2009, the federal judge approved the application for withdrawal submitted by BioAlliance Pharma. Eurofins lodged an appeal against this decision. In October 2010, a Court of Appeals upheld the dismissal, with no substantive examination by the federal judge.

In addition, considering that Eurofins had not fulfilled its contractual commitments, BioAlliance Pharma instituted legal proceedings against Eurofins before the Paris Commercial Court in January 2009 for non-development of the phenotyping technology and harm to its image and claimed damages on this basis. Each party's conclusions were filed in the second half 2012 and at the beginning of 2013.

- **Litigation with SpeBio/SpePharm**

On 27 February 2009, BioAlliance Pharma broke off collaboration with SpePharm and reacquired the rights to market Loramyc® in Europe from the SpeBio joint venture.

BioAlliance Pharma has taken SpePharm and SpeBio to the International Court of Arbitration of the International Chamber of Commerce to obtain damages for the loss suffered on account of breaches of contract committed by these companies under the partnership that had been agreed for the commercial launch of Loramyc®. This action is a continuation of the summons that had been served by BioAlliance Pharma on SpeBio before the Paris Commercial Court on 27 February 2009, in that it confirms BioAlliance Pharma's desire to globalize the litigation with its former commercial partners before the arbitral court and to withdraw from its earlier summons.

SpePharm and SpeBio have claimed damages in their proceedings against BioAlliance Pharma.

Following a partial award made by the arbitral tribunal on the question of its jurisdiction, BioAlliance Pharma lodged an appeal with the Court of Appeal in May 2011. The proceedings are underway and no change has taken place since 31/12/2012.
No main proceedings have been instituted in this dispute.

8.4 OTHER NON-CURRENT LIABILITIES

This item comprises:

Advances with specific conditions attached correspond to public funding obtained for several products in development:

- An advance from OSEO-ISI for the development of the anti-invasive cancer programs AMEP® and Zyxine. The balance at 31 December 2012 amounted to €1,686,918. Interest of €150,452 was also recognized.
- A grant received from OSEO concerning the clinical program for Livatag (Doxorubicine Transdrug®), the balance of which at 31/12/2012 was 320,000 euros. The advance will be paid in several instalments between 30/09/2012 and 30/09/2015. A repayment of 80,000 euros was made in 2012.
- An OSEO advance under the Clonidine program, reimbursable at several dates by 2015 and whose total at 31 December 2012 was €135,000.

Long-term deferred revenue of 1,081,454 euros representing Sosei and Novamed license fees (staggered transfer to revenue on the profit and loss account of the upfront payment received on signing the agreement). €49,000 was also recognized for the discounting of deferred revenue to its present value.

Accrued income in the amount of €56,436 concerning the COFACE grant.

NOTE 9: CURRENT LIABILITIES

9.1 TRADE PAYABLES

Trade payables have not been discounted to present value as none are payable more than one year after the balance sheet date.

In €	31/12/2012	31/12/2011
Trade payables	3,791,419	3,863,547

Trade payables include the share of the subsidiary Spebio attributable to Group shareholders in the amount of 462 thousand euros.

9.2 OTHER LIABILITIES

In €	31/12/2012	31/12/2011
Social security and similar liabilities	1,249,729	1,764,174
Tax liabilities	116,940	248,000
Other payables	931,563	1,005,517
Other liabilities	**2,298,232**	**3,017,691**

Other liabilities at 31 December 2012 include mainly short-term deferred license revenues totalling €530,000. These license revenues are transferred to revenue on the profit and loss account according to an estimated date of obtaining the marketing authorization on the following bases:

- Over a fixed period of 51 months, as from 1 April 2008 for the Handok agreement. Over a fixed period of 30 months, as from 1 January 2010 to take account of regulatory conditions.
- Over a fixed period of 93 months, as from 1 July 2008 for the NovaMed agreement. Over a fixed period of 63 months, as from 1 January 2012 to take account of regulatory conditions.
- Over a fixed period of 56 months, as from 1 May 2011 for the Sosei agreement.

The amount of short-term deferred license revenues transferred to revenue on the 2012 profit and loss account is detailed below:

In €	Balance at 31/12/2011	Increase	Transfer of item	Reversal through profit and loss	Balance at 31/12/2012
Handok	42,162			42,162	-
NovaMed	119,582	149,064	185,986		82,660
Sosei	447,734		447,734	447,734	447,734
Total	**609,478**	**149,064**	**261,748**	**489,896**	**530,394**

NOTE 10: FINANCIAL INSTRUMENTS

The carrying amount of financial instruments by category under IAS 39 is detailed as follows:

In €	Category in application of IAS 39	Net at 31/12/2011	Net at 31/12/2012	Balance sheet amounts according to IAS 39			Fair value according to IFRS 7
				Amortized cost	Fair value by equity	Fair value by income	
Loans	P&C	0	0	0	0	0	0
Derivatives at fair value	AJVPR	0	0	0	0	0	0
Trade receivables and related accounts	P&C	456,245	2,088,957		0	0	2,088,957
Other receivables	P&C	3,164,189	3,985,696		0	0	3,985,696
Security deposits	P&C	141,247	162,170		0	0	162,170
Other assets available for sale	ADV	224,430	259,394	0	0	259,394	0
Cash and cash equivalents	AJVPR	28,665,659	14,503,134	6,610,308	0	7,892,826	14,503,134
Total Assets		**32,651,769**	**20,999,351**	**12,847,131**	**0**	**8,152,220**	**20,739,957**
Debenture loans	DACA	0	0	0	0	0	0
Loans and other borrowings / Credit institutions	DACA	170,016	56,931	56,931	0	0	56,931
Derivatives at fair value	PJVPR	0	0	0	0	0	0
Oséo advances	DACA	2,322,397	2,292,370	2,292,370	0	0	2,292,370
Supplier debt	DACA	3,863,547	3,791,419	3,791,419	0	0	3,791,419
Other debt	DACA	4,275,416	3,485,122	3,485,122	0	0	3,485,122
Total Liabilities		**10,631,376**	**9,625,842**	**9,625,842**	**0**	**0**	**9,625,842**

Breakdown of fair values of financial assets and liabilities:

The table below shows financial instruments at fair value broken down by level:

- Level 1: financial instruments listed on an active market
- Level 2: financial instruments whose fair value is determined by comparison with observable market transactions in similar instruments, or based on a valuation whose variables include only observable market data
- Level 3: financial instruments whose fair value is determined entirely or in part using a valuation based on an estimation not based on market transaction prices in similar instruments.

	Level 1	Level 2	Level 3
Derivatives at fair value by income			
Derivatives at fair value by equity	0	0	0
Financial assets available for sale	0	259,394	0
Monetary securities available for sale	0	7,892,826	0
Total financial assets	**0**	**8,152,220**	**0**
Derivatives at fair value	0	0	0
Derivatives at fair value	0	0	0
Total financial liabilities	**0**	**0**	**0**

NOTE 11: OPERATING INCOME AND EXPENSES

11.1 SALES

In €	31/12/2012	31/12/2011
Recurring net sales from licensing agreements	975,512	1,364,713
Non-recurring net sales from licensing agreements	3,010,132	1,451,144
Other net sales	42,480	415,052
Total net sales	**4,028,124**	**3,230,909**

Recurring sales come from product sales and sales-based royalties related to licensing agreements established by the Company. The decrease compared with 2011 is mainly due to the lack of sales in the United States in the first 10 months of 2012.

Non-recurring sales from licensing agreements include a portion of sums received when signing these agreements, transferred over time to revenue on the profit and loss account in accordance with IAS 18 (see above §8.2) It also includes the first Vestiq Pharmaceuticals payment of 1.6 million euros and the non-conditional payment of one million euros of the European partner Therabel.

In accordance with IFRS 8.32 and 33, the table below shows the provenance of sales by geographic area and in comparison with two Company product portfolios:

Distribution of turnover In €	**2012**	**2011**
	Total	Total
Specialty products	4,028,124	3,230,909
Oncology products	0	0
Total	**4,028,124**	**3,230,909**
Europe	1,690,954	1,972,870
Rest of the world	2,337,171	1,258,039
Total	**4,028,124**	**3,230,909**

11.2 PERSONNEL COSTS

Personnel costs are broken down as follows:

In €	31/12/2012	31/12/2011
Payroll	3,599,711	4,948,878
Expenses	1,819,786	2,203,745
Employee benefits (IFRS 2)	336,495	376,352
Deduction of research tax credit	(887,035)	(322,523)
Deduction of government grants	(50,310)	(23,596)
Total personnel costs	**4,821,647**	**7,182,856**
Headcount	**53**	**53**

The decrease in personnel costs is mainly due to the change in employees during the year (including the departure of Dominique Costantini mid-2011 and a reduction in individual variable remuneration in respect of the 2012 financial year.

11.3 EXTERNAL EXPENSES

External expenses include mainly the following items:

In €	31/12/2012	31/12/2011
Research and Development Expenses	4,247,689	4,098,224
Scientific sub-contracting	51,055	1,524
Deduction of research tax credit	(943,412)	(706,499)
Marketing, selling and administrative expenses	4,583,411	5,406,670
Total	**7,938,743**	**8,799,919**

The decrease in overheads and administrative costs is mainly due to the streamlining of various overhead items and a decrease in consultancy fees.

The 2012 rental expense in respect of the lease of the registered office at 49 Boulevard du Général Martial Valin, Paris 75015 came to €658,487.

11.4 TAXES OTHER THAN ON INCOME

The material change in this item arises from the payment of a regulatory tax in the amount of 1.4 million euros when filing the application to register Sitavig® in the United States with the Food and Drug Administration (FDA);

NOTE 12: NET FINANCIAL INCOME (EXPENSE)

Income from cash corresponds mainly to interest from term deposits and gains on the sale of marketable securities by the Company of 98,677 euros. Financial expenses are mainly related to negative foreign exchange differences amounting to €144,169, and accrued interest on the refundable Oseo Isi advance of 64,973 euros in accordance with IAS 39 with a discount rate of 4.47%.

	Cash	Non-Cash	31/12/2012	31/12/2011
Income from cash and cash equivalents	98,677	-	98,677	160,091
Cost of gross financial indebtedness	(27,999)	(64,973)	(92,972)	151,787
Cost of net financial indebtedness	**70,679**	**(64,973)**	**5,706**	311,878
Other income and financial expenses	**-**	**(38,424)**	**(38,424)**	4,383
Financial income	**70,679**	**(103,397)**	**(32,718)**	**316,261**

NOTE 13: DEFERRED TAX

The BioAlliance group had 124 million euros of accumulated tax losses at 31 December 2012, 81 million euros of which under the tax consolidation group including Laboratoires BioAlliance Pharma, with nine million euros in respect of the 2012 financial year. No deferred tax asset was recognized insofar as the Company is unable to recover these tax losses in the short term.

NOTE 14: EARNINGS PER SHARE

14.1 EARNINGS PER SHARE

In €	31/12/2012	31/12/2011
Net income/(loss) attributable to BioAlliance Pharma common shareholders	(11,547,921)	(14,622,175)
Number of common shares	17,659,715	17,659,715
Number of treasury shares	5,283	15,480
Earnings per share	**(0.65)**	**(0.83)**

Basic earnings per share is calculated by dividing the net profit (or loss) attributable to holders of ordinary Foncière des Régions shares (the numerator) by the weighted average number of outstanding ordinary shares (the denominator) in the period.

14.2 DILUTED EARNINGS PER SHARE

In €	31/12/2012	31/12/2011
Net income/(loss) attributable to BioAlliance Pharma ordinary shareholders	- 11,547,921	- 14,622,175
Number of ordinary shares	17,659,715	17,659,715
Effect of dilution (1)	-	-
Number of shares adjusted for diluted earnings	17,659,715	17,659,715
Diluted earnings	**(0,65)**	**(0,83)**

(1) Taking into account the conversion into shares of all of the share purchase warrants / founders' share purchase warrants and stock options granted at the closing date, 1,060,909 additional shares would be created. The impact of dilution is not displayed since it is accretive due to negative income.

To calculate diluted earnings per share, the average number of outstanding shares is adjusted to take into account the conversion of all ordinary shares that may be issued in the future, notably due to stock options and bonus shares during the vesting period.

The dilution effect is calculated using the treasury stock method The number thus calculated is added to the average number of outstanding shares to obtain the denominator. To calculate diluted earnings, the net profit (or loss) attributable to holders of ordinary BioAlliance shares is adjusted by:

- any dividends or other items related to dilutive potential ordinary shares deducted in arriving at the profit (or loss) attributable to ordinary-share holders
- interest recognized in the period in respect of the dilutive potential ordinary shares
- any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

NOTE 15: OFF-BALANCE-SHEET COMMITMENTS

15.1 OFF-BALANCE-SHEET COMMITMENTS RELATED TO THE COMPANY'S OPERATIONAL ACTIVITIES

15.1.1 Operating leases (IAS 17)

The Company has signed a lease agreement in respect of its registered office at 49 Boulevard du Général Martial Valin, 75015 Paris. It has also signed a company car lease agreement. The future minimum lease expense is as follows:

< 1 year	Between 1 and 5 years	> 5 years
860,270	2,427,685	-

15.1.2 Statutory individual training entitlement

The Act of 4 May 2004 provides employees of French companies with a right to a minimum of 20 hours' training per year, which they may accumulate over a period of six years. Rights exercised during the notice period of dismissed employees and rights exercised by employees that are regarded as unsuited to their employer's needs or are non-professional in nature are considered to be short-term benefits as defined by IAS 19 and are booked accordingly. All other rights are recorded when they are incurred, as BioAlliance Pharma expects to receive an amount of economic benefits arising from the training that exceeds the training costs.

At 31 December 2012, the individual training entitlement represented 4.297 hours valued at €94,007.

15.1.3 Commitment under a contract with a third party

In the context of a contract concluded with the consultant involved in the negotiation of partnership agreements signed with the Company, provision was made for the payment of specific fees. These fees are calculated on the basis of the total amount of the agreements signed and are paid to the consultant when BioAlliance Pharma receives or pays the contractual milestone payments. As these payments are subject to the achievement of conditions precedent, the amount of future fees could not be reliably measured at 31 December 2012.

15.2 OFF-BALANCE-SHEET COMMITMENTS RELATED TO THE COMPANY'S FINANCING

15.2.1 Refundable advances from OSEO ISI

Where the project is successful, these advances are refundable based on forecast operating income (loss) arising from the project, repayment of 2.5% of revenues on a period of at most 10 years. In case the project is a failure, the justified, due and paid advances will not result in any repayment.

15.3 OTHER COMMITMENTS LINKED TO COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

None

NOTE 16: SUMMARY OF BSAS (SHARE PURCHASE WARRANTS), BCES (SPECIAL FOUNDERS' SHARE PURCHASE WARRANTS) AND STOCK OPTIONS AT 31 DECEMBER 2012

- ### Summary of stock options at 31 December 2012

Plan designation	Number of options authorized	Date of grant (Management Board or Board of Directors)	Number of adjusted options granted	Beneficiaries	Vested or exercisable by 25% increment as from	Number of options cancelled	Adjusted options outstanding at 31/12/12 (1)	Adjusted options exercisable at 31/12/12 (1)	Adjusted subscription price per share in euros (1)	Expiry date
SO 2006 (4)		25/04/2008	74 893	Employees	25/04/2009	52 216	22 677	22 677	6.85	25/04/2013
TOTAL SO 2006	**630 000**		74 893			**52 216**	**22 677**	**22 677**		
SO Employees 2010 (1)	150 500	25/08/2010	124 546	Employees	25/08/2011	36 292	88 254	44 127	5.53	25/08/2020
SO Employees 2010 (2)		16/12/2010	16 706	Employees	16/12/2011	0	16 706	8 352	5.47	16/12/2020
SO Executives 2010	25 308	25/08/2010	25 308	Executives	25/08/2014	15 000	10 308	7 731	5.53	25/08/2020
TOTAL SO 2010	**175 500**		**166 560**			**51 292**	**115 268**	**60 210**		
SO Employees 2011 (1)	300 000	21/09/2011	218 500	Employees	21/09/2012	25 000	193 500	48 375	3.80	21/09/2021
SO Employees 2011 (2)		26/01/2012	4 000	Employees	26/01/2013	0	4 000	0	3.80	26/01/2022
SO Executives 2011	210 000	21/09/2011	210 000	Executives	21/09/2012	0	210 000	127 500 (2)	3.80	21/09/2021
TOTAL SO 2011	**510 000**		**432 500**			**25 000**	**407 500**	**175 875**		
SO Employees 2012	333 000	13/09/2012	268 000	Employees	13/09/2013	2 000	266 000	0	3.92	13/09/2022
SO Executives 2012	110 000	13/09/2012	110 000	Executives	13/09/2013	0	110 000	0	3.92	13/09/2022
TOTAL SO 2012	**443 000**		**378 000**			**2 000**	**376 000**	**0**		
TOTAL SO	**1 758 500**		**1 051 953**			**130 508**	**921 445**	**258 762**		

(1) Adjustment in both the number and the price of the stock options (plan from SO 2006 to SO 2010 included) further to the capital increase of July 2011, pursuant to article L.228-99 of the Commercial Code (Board Meeting of 28 July 2011)

(2) Including 100,000 immediately exercisable stock options granted 21 September 2011 to Judith Greciet, Managing Director, as her welcome grant.

- **Summary of share purchase warrants at 31 December 2012**

Type	Date of authorisation	BSAs or BSCPEs authorised	BSAs or BSCPEs granted	Beneficiaries	BSAs or BSCPEs outstanding at 31/12/11	BSAs or BSCPEs outstanding at 31/12/12 (1)	Shares that may be subscribed, taking account of cancellations and vesting (1)	Subscription price per share (€) (1)	Expiry date
BSA - L	29 April 2008 Resolution 21	150,000	68,000	Members of the Supervisory Board and the Scientific Board	14,464 (1) of which 10,848 vested	14,464 all vested	6,189 8,275 0	2,86 € 2,33 € 5,34€	17/12/2013 05/04/2014 21/10/2014
BSA-M	29 June 2011 Resolution 18	100,000	70,000	Non-employee, non-executive Members of the Board of Directors		40,000	26,400	3,80 €	21/09/2017
BSA-N	31 May 2012 Resolution 15	100,000	70,000	Non-employee, non-executive Members of the Board of Directors	0	85,000	0,000	3,92 €	13/09/2018
TOTAL		**350,000**	**223,000**			**139,464**	**40,864**		

(1) After adjustment of the number and issue price of BSA K and L following the capital increase in July 2011 pursuant to Art. L.228-99 of the French Commercial Code (Board of Directors meeting of 28 July 2011)

NOTE 17: REMUNERATION OF CORPORATE OFFICERS

The table below summarizes the remuneration accounted for at 31 December 2012 for Judith Greciet (CEO) and Pierre Attali (Chief Operating Officer), both of whom were remunerated exclusively under their employment contracts, as well as the remuneration of the non-executive members of the Board of Directors.

In €	31/12/2012	31/12/2011
Executives and corporate officers		
Short-term benefits (fixed / variable / exceptional)	503,398	767,107
Post-employment benefits	54,947	31,137
Long-term benefits	0	0
Share-based payments	157,851	117,118
Benefits in kind	5,299	4,413
Severance payments		
Directors' fees	121,830	600,000
Fees (regulated agreement)	12,000	149,502
Total	**855,325**	**1,669,277**

BioAlliance Pharma has established a method of remuneration of its directors through fees. The annual shareholders' meeting of 31 May 2012 set the overall amount of directors' fees, to be divided among the members of the Board of Directors, to be paid for the year at €170,000.

Post-employment benefits for corporate officers totaled €56,674 for the period.

NOTE 18: RELATED PARTIES

Transactions with other companies related to the Group as defined in paragraph 9 of IAS 24 concern only those companies included in the scope of consolidation. These essentially involve sales of finished goods and services, billings of marketing license fees, and intercompany loans and borrowings as part of cash management agreements.

The table below shows intercompany transactions:

in €	31/12/2012	31/12/2011
Assets	2,746,353	2,622,852
Liabilities	16,032	23,956
Income	94,638	128,658
Expenses	-	-

Concerning regulated agreements:

Fees and expenses concerning PJL Conseils' consultancy contract authorized by the Board of Directors on 17 July 2012 amounted to 16,625 euros.

Fees and expenses concerning Chrysabio's assignment authorized by the Board of Directors on 13 May 2011 amounted to 126.883 euros.

NOTE 19: STATUTORY AUDITORS' FEES

The fees paid by BioAlliance to its Statutory Auditors in 2012 and 2011 are as follows:

(euros)	Grant Thornton				Ernst & Young			
	Amount		%		Amount		%	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Audit, statutory audit, certification, review of financial statements under French GAAP and IFRS								
Issuer	83,086	74,602	94%	79%	88,750	90,009	100%	86%
Fully consolidated subsidiary	5,244	5,035	6%	5%			0%	0%
Other procedures and services directly related to the statutory auditor's assignment	0	15,000	0%	16%	0	15,000	0%	14%
Sub-total	**88,330**	**94,637**	**100%**	**100%**	**88,750**	**105,009**	**100%**	**100%**
Other services rendered by the networks to the fully consolidated subsidiary								
Sub-total								
Total	**88,330**	**94,637**	**100%**	**100%**	**88,750**	**105,009**	**100%**	**100%**

6.2. Statutory auditors' reports on the consolidated financial statements

To the shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meetings, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of BioAlliance Pharma;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements were approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to the point referred to in Note 8.3 "Provisions for litigation" in the notes to the financial statements concerning litigation in progress with the companies Spepharm and Spebio, and with the company Eurofins.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

In accordance with standard IFRS 2, your company carried out a valuation, on the grant date, of share warrants and share subscription options granted to employees in order to recognize an expense in the profit and loss account, as described in notes 2.8 and 7.5 to the consolidated

financial statements, 'Share-based payments'. We assessed the assumptions used and the reasonableness of the resulting valuations.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, and in accordance with professional standards applicable in France, we have also performed specific verification of the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, 16 April 2013

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG Audit
French member of Grant Thornton International	
Olivier Bochet	Béatrice Delaunay

6.3. Parent company financial statements

ASSETS

Item	2012			2011
	Gross	Depr. & amort	Net	Net
Subscribed, uncalled share capital				
Intangible assets				
Incorporation expenses				
Development costs				
Concessions, patents and similar rights	187,178	183,093	4,085	5,085
Goodwill				
Other intangible assets	433,808	405,374	28,434	21,555
Advances and prepayments on intangible assets				
Tangible assets				
Land				
Buildings				
Plant & equipment	836,451	690,847	145,604	243,328
Other tangible assets	2,712,053	1,634,741	1,077,313	1,305,005
Tangible assets in progress				
Advances and prepayments				
Financial assets				
Holdings valued by the equity method				
Other equity holdings	14,651,918	14,651,918		
Receivables from investments				
Other long-term securities	25,147		25,147	50,000
Loans				
Other long-term investments	434,206		434,206	388,893
NON-CURRENT ASSETS	**19,280,762**	**17,565,974**	**1,714,788**	**2,013,867**
Inventories				
Raw materials and supplies				824
Work in progress - goods				
Work in progress - services				
Semi-finished and finished goods				
Goods held for resale	2,739		2,739	619
Prepayments to suppliers				
Receivables				
Trade receivables	2,240,930	56,430	2,184,500	476,373
Other receivables	5,846,240	2,660,592	3,185,648	2,736,866
Subscribed, called, unpaid share capital				
Miscellaneous				
Securities including treasury shares:	7,892,502		7,892,502	25,122,316
Cash	6,607,301		6,607,301	2,873,621
CURRENT ASSETS	22,589,714	2,717,022	19,872,691	31,210,619
Accruals				
Prepaid expenses	778,481		778,481	645,164
TOTAL III	**23,368,195**	**2,717,022**	**20,651,173**	**31,855,784**
Issuing costs to be spread over several years				
Loan redemption premiums				
Translation adjustment - assets	39,665		39,665	2,605
GRAND TOTAL	**42,688,622**	**20,282,996**	**22,405,626**	**33,872,255**

LIABILITIES AND EQUITY

Category			2012	2011
Share capital	of which paid:	4,414,929	4,414,929	3,384,018
Additional paid-in capital			118,081,366	118,054,366
Excess of restated assets over historical cost				
Legal reserve				
Reserves required by the Articles of Association or by contract				
Regulated reserves				
Other reserves				
Retained earnings			(99,462,935)	(84,849,710)
Net income/(loss) for the year			**(10,417,994)**	**(14,613,225)**
Capital grants			189,618	226,318
Regulated provisions				
SHAREHOLDERS' EQUITY			**12,804,983**	**23,232,677**
Proceeds from issue of preference shares				
Advances with specific conditions attached			1,875,635	1,756,802
OTHER SHAREHOLDERS' EQUITY			**1,875,635**	**1,756,802**
Contingency provisions			349,746	2,605
Loss provisions			103,723	293,501
PROVISIONS FOR CONTINGENCIES AND LOSSES			**453,469**	**296,106**
Financial liabilities				
Convertible bonds				
Other bonds				
Bank debt			4,697	16,678
Other debt			206,888	85,479
Operating liabilities				
Customer prepayments				
Trade payables			3,332,479	3,643,678
Accrued taxes and personnel costs			1,632,768	2,492,107
Other payables				
Payables related to fixed assets			3,387	
Other liabilities			70,122	
Accruals				
Deferred revenue			2,008,636	2,348,721
LIABILITIES			**7,258,977**	**8,586,664**
Translation adjustment - liabilities			12,561	6
GRAND TOTAL			**22,405,626**	**33,872,255**

PROFIT AND LOSS ACCOUNT

	2012			2011
	France	Export	Total	
Sale of goods held for resale		436,717	436,717	791,347
Production sold - goods				
Production sold - services	109,324	365,174	474,498	391,422
NET SALES	**109,324**	**801,891**	**911,214**	**1,182,769**
Production left in stock				
Capitalized production				
Operating grants			(745)	22,056
Excess depreciation and recovery on provisions charged in prior years			102,955	969,965
Other income			3,549,473	2,024,048
TOTAL OPERATING INCOME			**4,562,897**	**4,198,839**
Purchases of goods for resale (including customs duties)			287,706	603,953
Change in inventories			(2,120)	33,831
Purchases of raw materials and supplies			88,822	96,716
Change in inventories				
Other purchases and external expenses			8,852,299	9,696,765
Taxes other than on income			2,148,416	829,779
Wages and salaries			3,698,761	5,023,815
Payroll charges			1,850,493	2,201,092
Amortization, depreciation and				
on fixed assets: depreciation and amortization			372,163	495,056
on fixed assets: provisions				
on current assets: provisions			125,156	274,347
for contingencies and losses: provisions				
Other expenses			154,298	176,597
TOTAL OPERATING EXPENSES			**17,575,994**	**19,431,952**
OPERATING LOSS			**(13,013,097)**	**(15,233,114)**
Operations with third parties				
Allocated gain or transferred loss				
Sustained loss or transferred gain				
Financial income				
Financial income from investments			18,961	34,337
Financial income from other securities and from fixed asset securities			39,444	
Other interest and similar income			16,241	
Provision reversals and expense transfers			2,605	
Foreign exchange gains			127,848	479,767
Net gains on sales of marketable securities			736,303	68,694
TOTAL FINANCIAL INCOME			**941,403**	**582,799**
Financial expenses				
Amortization, depreciation and provisions			39,665	2,605
Interest and similar expenses			64,973	85,479
Foreign exchange losses			144,169	234,045
Net losses on sales of marketable securities				
TOTAL FINANCIAL EXPENSE			**248,806**	**322,129**
NET FINANCIAL INCOME			**692,596**	**260,670**
LOSS BEFORE EXCEPTIONAL ITEMS AND TAX			**(12,320,500)**	**(14,972,444)**

PROFIT AND LOSS ACCOUNT (continued)

	2012	2011
Exceptional income		
Exceptional income on operating transactions	50,831	
Exceptional income on capital transactions	62,669	50,957
Provision reversals and expense transfers	110,231	36,190
Exceptional income	**223,731**	**87,147**
Exceptional expenses		
Exceptional expenses on operating transactions	15,157	48,425
Exceptional expenses on capital transactions	54,120	638,990
Exceptional provisions and expense transfers	230,534	73,190
Exceptional expenses	**299,812**	**760,606**
EXCEPTIONAL ITEMS	**(76,081)**	**(673,458)**
Employee profit sharing		
Corporate income tax	(1,978,587)	(1,032,677)
TOTAL INCOME	**5,728,031**	**4,868,785**
TOTAL EXPENSES	**16,146,026**	**19,482,010**
PROFIT/(LOSS) FOR THE YEAR	**(10,417,994)**	**(14,613,225)**

ACCOUNTING RULES AND METHODS

Dedicated to specialty and orphan pharma products in oncology and supportive care, with a focus on resistance targeting, BioAlliance Pharma conceives and develops innovative products for specialty markets especially in the hospital setting and for orphan or rare diseases.

1. Accounting policies

The financial statements for the year ended 31 December 2012 have been prepared and presented in accordance with the provisions of the French Commercial Code and the French General Accounting Plan, in conformity with the prudence principle, the accruals basis of accounting and on a going concern basis.

Items are recognized in the financial statements on a historical cost basis. The valuation methods applied for this year are unchanged from the previous financial year

1.1. Intangible assets

Research and development costs are expensed directly to the profit and loss account.

Development costs may be capitalized in fixed assets when the following criteria are satisfied simultaneously:

- The projects in question are specific, well-defined projects,
- Each project must be technically feasible and have a realistic chance of commercial success at the balance sheet date, and
- The cost of each project can be clearly identified.

These criteria are considered to be satisfied only once the Company has obtained marketing authorization.

Costs related to patents are expensed.

Concessions and patents are amortized over 10 years using the straight-line method.
Software is depreciated over a period of 12 months using the straight-line method.

1.2. Tangible assets

The gross cost of tangible assets corresponds to their initial carrying value in the balance sheet including costs to bring such assets into condition for use, but excluding ancillary expenses related to their acquisition.

Depreciation of tangible assets is calculated on a straight-line basis. Depreciable lives and depreciation methods are generally as follows:

- Plant & equipment	5 years
- Specialized equipment	5 years
- General facilities	10 years
- Office and computer equipment	4 years
- Furniture	5 years

1.3. Financial assets

Investments and other long-term securities are measured at cost, excluding acquisition-related expenses.

A provision for impairment is recorded at the balance sheet date if the probable realizable value of the investments is less than their net book value.
The amounts invested in the context of the liquidity contract managed by an investment services provider are recognized:
- under 'Other long-term securities' for treasury shares (being the portion invested in the company's shares),
- under 'Other financial assets' for the portion kept in cash.

1.4. Inventories

Inventories are measured at purchase cost using the weighted average cost method.
A provision for impairment is recognized in cases where the realizable value is less than the net book value.

1.5. Receivables and payables

Receivables and payables are measured at their face value. A provision for impairment is recorded at the balance sheet date if the probable realizable value of the investments is less than their net book value.
Receivables and payables denominated in foreign currencies are recognized at the exchange rate prevailing on the transaction date and are restated at the closing rate at each period end. Foreign exchange differences arising on such restatements are recognized in balance sheet assets and liabilities. A provision for losses is recognized in the event of unrealized foreign exchange losses.

1.6. Marketable securities

Marketable securities are measured at cost, excluding acquisition-related expenses.
In the event of the sale of a number of similar securities granting the same rights, the carrying value of the securities sold is estimated using the FIFO method.

1.7. Cash

All liquid assets held in cash or banks are valued at their nominal value.

1.8. Provisions for contingencies and losses

Provisions correspond to obligations resulting from various disputes and risks, whose timing and amount is uncertain, to which the Group may be exposed in the context of its operations. A provision is recognized where the company has a legal or constructive obligation to a third party, as a result of a past event, which it is probable or certain will lead to an outflow of resources to the third party without receipt of equivalent consideration, where such future cash outflows can be estimated reliably.

1.9. Licensing agreements

1.9.1. Licenses granted to third parties

Agreements under which the Company licenses rights to third parties for marketing one or more products in its portfolio generally involve an upfront payment at the date of signature, as well as future milestone payments and the payment of royalties on net sales.

Upfront payments due on signature of a licensing agreement, representing the contracting party's share of R&D investments incurred by the Company, are initially recognized in deferred revenue and are subsequently taken to the profit and loss account over the period of the agreement or over a shorter period, depending on the company's involvement and the specific conditions of the agreement.
In general, the future payments are conditional and depend on the achievement of certain objectives: registration of products, marketing authorization for products, obtaining a price and/or achievement of sales thresholds (sales performance). They are immediately recognized in other income in the year in which they are received by the Company.

1.9.2. Licenses acquired from third parties

As in the preceding case, licensing agreements under which the Company acquires from a third party a license conveying a right to market a product in a given geographical area generally involve an upfront payment at the date of signature, various other additional payments, and payment of royalties on net sales.

These licensing agreements generally relate to products undergoing clinical development. Upfront payments upon signature represent a participation in funding research and development costs and are thus fully expensed in the year in which the agreement is signed. Earn-out payments, generally related to the reaching of sales targets, are in the form of royalties for marketing rights and, as such, they are expensed over the period in which they are due.

1.10 Grants

Operating grants are taken to profit and loss as the costs are incurred.

Refundable advances are recorded under "Other equity". Where the project is successful, these advances are refundable based on forecast operating income (loss) arising from the project. In case the project is a failure, the justified, due and paid advances will not result in any repayment.

2. Significant events in the year

2.1. Changes in portfolio

Launch of the Livatag® Phase III clinical trial

BioAlliance Pharma began the Livatag® Phase III trial in June 2012, which aims to show Livatag®'s effectiveness on the survival of nearly 400 primary liver cancer patients after failure of, or intolerance to, sorafenib.

There are nearly 15 hepatology centers operating in France which have started to recruit the first patients. Over the short and medium term, BioAlliance Pharma plans to extend the trial abroad.

Continuation of the Validive® (clonidine Lauriad™) Phase II trial

The Validive® Phase II trial continued in 2012. At 31 December, nearly 50% of the patients planned for the trial had been recruited.

This trial, which is underway in France, Germany and Spain, is currently being extended to four other European countries. Other centers outside France will be opened in 2013.

Progress of the AMEP® project

Several stages of the AMEP® biotherapy, for the treatment of metastatic melanoma, were completed in the course of the year, including:

Authorization of the AMEP® Phase I/II trial when AMEP® is administered intramuscularly to establish its efficacy and tolerance levels through the systemic route. Recruitment of the first patients will begin in 2013.

Signing of a partnership agreement with the Herlev Hospital in Copenhagen, on an additional Phase I trial to be conducted in Denmark.

Progress in registering Sitavig® in the United States and Europe

In May 2012, BioAlliance Pharma obtained acceptance of the registration file of Sitavig® by the Food and Drug Administration (FDA) for the treatment of recurrent herpes labialis in the United States. The FDA has been evaluating this file since this date.

Moreover, in December 2012, the company obtained Sitavig®'s approval in eight European countries, following a decentralized procedure. Registration applications for Sitavig in other European countries will continue from the first quarter 2013.

2.2. Changes in commercial partnerships

Oravig® licensing agreements in the United States

In September 2012, BioAlliance Pharma signed an exclusive licensing agreement with Vestiq Pharmaceuticals Inc. to market Oravig® in the United States (Oravig® is the US trademark for Loramyc®).

This agreement provides for the payment by Vestiq of a sum of up to 44 million US dollars (including non-conditional payments and payments related to sales). Royalties on sales are also provided for. Moreover, Vestiq obtained marketing authorization for Oravig® in the United States and, as such, will bear the costs associated with maintaining this authorization. After having ordered and placed the product with distributors at the end of 2012, Vestiq effectively began to market Oravig® through its sales force in January 2013.

At 31 December 2012, BioAlliance Pharma had billed Vestiq for two million dollars (1.6 million euros), falling due when the first order for the product is made; payment was received at the beginning of 2013. BioAlliance Pharma will have received other non-conditional payments totalling seven million dollars in the 24 months following this first payment.

Commercial development of Loramyc® in emerging countries

The Group implemented a distribution strategy for Loramyc® in emerging countries and, as such, an initial agreement was signed in 2012 with the company Shafayab Gostar for distributing the product in Iran. Under this agreement, Shafayab Gostar will be in charge of importing, promoting and marketing Loramyc® on the Iranian market, once the product has been registered with the Iranian authorities. BioAlliance Pharma will continue to hold the marketing authorization for the product in Iran.

This international distribution strategy benefits from a grant from COFACE for a total of 1.3 million euros. The grant received each year will be proportional to the incurred expenses of canvassing export markets In respect of the 2012 financial year, this grant amounted to 56 thousand euros.

First licensing agreement for Sitavig® in Israel

In mid-June 2012, the BioAlliance Pharma signed an exclusive licensing agreement with Abic Marketing Limited, a Teva group subsidiary, to market Sitavig® in Israel.

The financial arrangements of this licensing agreement were not made public. This agreement provides for Teva to pay BioAlliance Pharma a set amount on signing, interim instalments, and royalties on sales in Israel.

2.5. Capital increase

None

2.6. Post balance sheet events

At the end of January 2013, the Company agreed a PACEO equity financing facility with Société Générale in support of accelerating its growth projects and external growth strategy. This flexible tool enables the bank to subscribe, on demand of BioAlliance Pharma, to successive capital increases over a 24-month period, by tranche of at most 400,000 shares up to a total of 1,765,000 shares (i.e. 9.9% of share capital at end-2012). The subscription price will represent a 5% discount compared with the weighted average share price of the three trading sessions preceding the issuance of each tranche. The new shares are intended for sale on the market: Société Générale is not entitled to keep them

3. Notes to the balance sheet

3.1. Intangible assets

Intangible assets are made up mainly of patents, trademarks and software purchased by the Company.
No research and development expenses were capitalized in 2012.

3.2. Tangible assets

Tangible assets are made up mainly of laboratory and research equipment, computer equipment and other fittings and equipment purchased by the Company.

3.3. Financial assets

Investments include:
- shares held in the subsidiary Laboratoires BioAlliance Pharma for an amount of €14,600,000;
- shares held in the SpeBio joint venture for an amount of €20,000; and
- shares held in the subsidiary BioAlliance Pharma Switzerland for an amount of €31,918.29.

All equity investments are fully written down.

In the context of the liquidity contract with CM-CIC Securities, the amount of treasury shares held was €25,147.08 euros, corresponding to 5,283 shares recognized under "Other long-term securities", and the amount of non-invested cash was 258,885.31 euros. In 2012: 1,078,011 treasury shares were purchased and 1,088,208 were sold; the result for the year was a gain of €9,974.

3.4. Trade receivables

Trade receivables represented a net amount of €2,184,500 at 31 December 2012, and consisted primarily of receivables due from partners Vestiq Pharmaceuticals, Inc and Therabel amounting to €1,995,434.

3.5. Other receivables

Other receivables represented a net amount of €3,185,648 at 31 December 2012, broken down as follows:

- Research Tax Credit, 2012: 1,978,587 euros
- VAT refund requested: 326,296 euros
- VAT deductible and on outstanding invoices: 410,625 euros
- Group current accounts: 2,662,443 euros
- Other: 468,289 euros

Because there were no revenues from subsidiaries, the current accounts were fully written down. The amount recognized for provisions in 2012 was 2,660,592 euros.

3.6. Prepaid expenses

Prepaid expenses at 31 December 2012 came to €778.481 and correspond mainly to subcontracting services and rent expenses.

3.7. Marketable securities

Marketable securities are made up of cash mutual funds, which were purchased for €886,812 and valued at 31 December 2012 at €887,135, and medium-term notes for 7,000,000 euros.

3.8. Shareholders' equity

At 31 December 2012, the share capital amounted to €4,414,928.75, divided into 17.659.715 common shares with a nominal value of €0.25 each, all of the same class and fully paid up.

3.9. Capital grants

The capital grant of €367,000 corresponds to the landlord's contribution to some of the work on the new registered office which started in 2008. The amount of depreciation at 31 December 2012 came to 177.381,67 euros.

3.10. Provisions for contingencies and losses

Provisions represented an amount of €453,469 mainly corresponding to litigation with suppliers and ex-employees.

As at 31 December 2011 the risks in the litigation underway with Eurofins and SpePharm could not be reliably measured, so no provision was made at 31 December 2012.

Litigation with Eurofins over a diagnostic technology for HIV drug resistance

In October 2008, BioAlliance Pharma was informed of a civil action filed by companies in the Eurofins group against BioAlliance Pharma and one of its senior executives, in the State of Delaware (USA). The action concerns the use of intellectual property related to the phenotyping technology called Phenoscript®, an HIV resistance test, which BioAlliance Pharma developed before 2005 in collaboration with INSERM and the Institut Pasteur. At end 2005, BioAlliance Pharma transferred its intellectual property and licensing rights to Eurofins, for the purpose of optimizing its international commercial development.
Eurofins alleges that the value of the assets transferred is compromised by the rights of a third party, rights which existed before the transfer and were not disclosed and that a new invention developed by BioAlliance Pharma was not offered to it. As such, Eurofins sought to have the agreement related to the transfer rescinded, along with the award of damages. BioAlliance Pharma contests the merit of these allegations and immediately submitted an application for withdrawal of the case from the US courts. In September 2009, the federal judge approved the application for withdrawal submitted by BioAlliance Pharma. Eurofins lodged an appeal against this decision. In October 2010, a Court of Appeals upheld the dismissal, with no substantive examination by the federal judge.
In addition, considering that Eurofins had not fulfilled its contractual commitments, BioAlliance Pharma instituted legal proceedings against Eurofins before the Paris Commercial Court in January 2009 for non-development of the phenotyping technology and harm to its image and claimed damages on this basis. Each party's conclusions were filed in the second half 2012 and at the beginning of 2013.

Litigation with SpeBio/SpePharm

On 27 February 2009, BioAlliance Pharma broke off collaboration with SpePharm and reacquired the rights to market Loramyc® in Europe from the SpeBio joint venture.
BioAlliance Pharma has taken SpePharm and SpeBio to the International Court of Arbitration of the International Chamber of Commerce to obtain damages for the loss suffered on account of breaches of contract committed by these companies under the partnership that had been agreed for the commercial launch of Loramyc®. This action is a continuation of the summons that had been served by BioAlliance Pharma on SpeBio before the Paris Commercial Court on 27 February 2009, in that it confirms BioAlliance Pharma's desire to globalize the litigation with its former commercial partners before the arbitral court and to withdraw from its earlier summons.
SpePharm and SpeBio have claimed damages in their proceedings against BioAlliance Pharma.

Due to a partial award made by the arbitral tribunal on the question of its jurisdiction, BioAlliance launched an appeal with the Court of Appeal in May 2011. The proceedings are underway and no change has taken place since 31/12/2012.
No main proceedings have been instituted in this dispute.

The portion of the net balance of this case attributable to BioAlliance Pharma is -1,929,651 euros, consequently the portion for which no provision has been made corresponds to the expenses recorded by Spebio and contested by BioAlliance Pharma.

3.11. Other shareholders' equity

Advances with specific conditions attached correspond to public funding obtained for several products in development:

- A grant from OSEO-ISI for the development of the anti-invasive cancer programs AMEP® and Zyxine, the balance of which at 31 December 2012 amounted to €1,420,635.
- A grant received from OSEO concerning the clinical program for Livatag (Doxorubicine Transdrug®), the balance of which at 31/12/2012 was 320,000 euros. A repayment of 80,000 euros was made in 2012, and the balance will be paid in instalments until 30/09/2015.
- An OSEO advance paid under the Clonidine program, reimbursable at several dates by 2014 and whose total at 31 December 2012 was €135,000.

3.12. Trade payables

Trade payables decreased from €3,643,478 at 31 December 2011 to €3,332,479 at 31 December 2012. The change in trade payables stems mainly from the seasonality of Research and Development expenses and certain overhead costs.

3.13. Accrued taxes and personnel costs

Accrued taxes and personnel costs amounted to 1,632,768 euros, which mainly comprised a refundable Oseo grant overpayment of 266,283 euros.

3.14. Deferred revenue

Deferred revenue is made up mainly of upfront payments on the Loramyc® licensing agreements which are being recognized in profit and loss over a number of years. The balance at 31 December 2012 amounts to €2,008,636, broken down as follows:
- NovaMed agreement: 268,645 euros
- Sosei agreement: 1,343,203 euros
- grants: 396,784 euros

4. Notes on the profit and loss account

4.1. Net sales

Net sales for the 2012 financial year came to €911,214 and are broken down as follows:

- sale of goods to commercial partners: 436,717 euros
- intercompany services: 75,679 euros
- Other: 398,819 euros

4.2. Operating grants

None

4.3. Other income

Other income corresponds to recognition in profit and loss of the amounts received under licensing agreements signed for Loramyc®, including two contractual non-conditional payments from the partner Therabel of 1,000,000 euros and the partner Vestiq of 1,551,229 euros.

4.4. Operating expenses

Operating expenses decreased from €19,431,952 in 2011 to €17,575,994 in 2012. This decrease was due to the following changes:

- Reduction in consultancy fees offset by a rise in subcontracting expenses arising from the implementing of clinical trials.
- Increase in taxes, including the payment of an American tax on filing the Sitavir® application.
- Reduction in the payroll linked to the change in employees.

Expense transfer amounted to 66,255 euros.

4.5. Operating loss

The operating loss for the year was €13,013,097, compared with a loss of €15,233,114 for 2011.

4.6. Financial income

Net financial income corresponds mainly to net gains on the sale of marketable securities in the amount of €736,303, foreign exchange gains totalling €127,848, interest on term deposits of 39,444 euros, and proceeds on short-term advances to subsidiaries amounting to €18,961.

Financial expenses correspond mainly to foreign exchange losses recognized during the year, of €144,169, and accrued interest on the refundable Oseo advances for 64,973 euros.

4.7. Exceptional items

There was an exceptional loss of 76,081 euros, which mainly corresponds to allocations to and reversals of provisions.

4.8. Corporate income tax

The tax receivable of €1,978,587 corresponds to the amount of the research tax credit.

BioAlliance Pharma had a tax loss carry forward of 117 million euros, 81 million euros of which as head of the tax consolidation group including the accumulated tax losses of Laboratoires BioAlliance Pharma.

4.9. Net loss

The net loss for 2012 was €101,417,994.

5. Off-balance-sheet commitments

5.1. BSAs BCEs and Stock Options

5.2. Post-employment benefits

The actuarial valuation method used is the retrospective valuation method. This method enables the present value of the benefit obligation to be determined on the basis of services rendered by the employee at the valuation date.

The actuarial assumptions applied are as follows:

Collective bargaining agreement: Medical industry
Retirement age:
Between 65 and 67 years, under the Pension Reform Act of 10 November 2010
Calculation date: 31/12/2012
Mortality table: INSEE 2012
Discount rate: 2.69 %
Rate of salary increase: (salary growth rate + inflation) 3 %
Employee turnover rate: By age category:
- for employees aged 16 to 24 years: 0 %
- for employees aged 25 to 34 years: 5.80 %
- for employees aged 35 to 44 years: 3.57 %
- for employees aged 45 to 54 years: 1.79 %
- for employees aged 55 years and over: 1.34 %
Social charges 46 %

At 31 December 2012, post-employment benefits obligations totaled €372,187.

5.3. Warrants

The Board of 24 January 2013 recorded the cancellation, by operation of law, of 30,943 K (3) share warrants further to the expiry of this plan on 10 October 2012.

On 13 September 2012, the Board of Directors decided to allocate 85,000 share purchase warrants (BSAs) to the independent directors.

5.4 Stock options

The ordinary and extraordinary shareholders' meeting of 31 May 2012 authorized the Board of Directors to grant stock options, each conveying a right to one share, through two separate plans: a maximum of 333,000 options to BioAlliance Pharma employees, and a maximum of 110,000 options to BioAlliance Pharma executives.

On 26 January 2012, the Board of Directors granted 4,000 SO Employees 2011(2) options. No options were exercised during the period.

The Board of 17 July 2012 recorded the cancellation, by operation of law, of 69,096 options of the SO 2006 (2) plan further to the expiry of this plan on 5 April 2012.
The Board of 17 July 2012 recorded the cancellation of 6,185 options of the SO Employees 2010 (1) plan, and 17,000 of SO Employees 2011(1) because of the departure of Company employees.
On 13 September 2012, the Board of Directors granted 268,000 SO Employees 2012 options and 110.000 SO Executives 2012 options. No options were exercised during the period.

The Board of Directors of 13 September 2012 decided that the performance conditions of the SO Senior Executives and Employees 2011(1) and (2) plan had been met.

It also recorded the cancellation, by operation of law, of 2,062 options of the SO Employees 2006(4) plan, 2,681 options of the SO Employees 2010(1) plan, 2,500 options of the SO Employees 2011(1) and 2,000 options of the SO Employees 2012(1) plan because of the departure of Company employees.

The Board of 24 January 2013 recorded the cancellation, by operation of law, of 17.534 options of the SO 2006 (3) plan further to the expiry of this plan on 10 October 2012.

5.5 Financial commitments in favor of a third party

As part of a contract concluded with a consultant involved in negotiating partnership agreements entered into with the company, specific fees were scheduled to be paid. These fees are based on the total sum of signed agreements, and they are paid to the consultant when BioAlliance receives or settles the milestone payments provided for under the agreements. Given that these payments are subject to the meeting of conditions precedent, the sum of fees prior to 31 December 2012 cannot be reliably evaluated.

5.6 Statutory individual training entitlement

A total of 4.297 hours' rights to statutory training entitlement have been acquired by employees. This commitment is valued at €94.007.

5.7 Operating leases

The company signed a property rental agreement for its head office situated at 49, boulevard du Général Martial Valin, Paris 15°, and an agreement concerning the hire of company cars.

It is valued at:
- < 1 yr: 860,270 euros
- from 1-5 yrs: 2,427,685 euros

5.8 Remuneration of corporate officers

Remuneration of corporate officers came to €855,325.
The amount of their post-employment benefits was €54,947.

5.9 Refundable Advances

Refundable advances are recorded under "Other equity". Where the project is successful, these advances are refundable based on forecast operating income (loss) arising from the project, corresponding to 2.5% of revenues on a period of at most 10 years. In case the project is a failure, the justified, due and paid advances will not result in any repayment.

5.10 Related Parties

Transactions with other companies related to the Group concern only those companies included in the scope of consolidation. These essentially involve sales of finished goods and services, billings of marketing license fees, and intercompany loans and borrowings as part of cash management agreements.

The table below shows intercompany transactions:

Concerning regulated agreements:

Fees and expenses concerning PJL Conseils' consultancy contract authorized by the Board of Directors on 17 July 2012 amounted to 16,625 euros.
Fees and expenses concerning Chrysabio's assignment authorized by the Board of Directors on 13 May 2011 amounted to 126.883 euros.

FIXED ASSETS

	Gross value at start of 2012	INCREASES	
		Remeasurement in 2012	Acquisitions in 2012
Formation costs and research & development costs			
Other intangible assets	606,297		14,689
TOTAL INTANGIBLE FIXED ASSETS	**606,297**		**14,689**
Land			
Construction on own land			
Leaseholds			
Facilities, fixtures and fittings			
Plant & equipment	831,726		5,987
Fixtures and fittings	2,136,210		26,149
Transport equipment			
Office and computer equipment, furniture	542,706		6,988
Recoverable packaging and other			
Property, plant and equipment in progress			
Advances			
TOTAL TANGIBLE FIXED ASSETS	**3,510,643**		**39,124**
Holdings valued by the equity method			
Other equity holdings	14,651,918		
Other long-term securities	50,000		
Loans and other financial assets	388,893		45,312
TOTAL LONG-TERM INVESTMENTS	**15,090,812**		45,312
GRAND TOTAL	**19,207,752**		**99,125**

	DECREASES			
	Current account deposits 2012	Current account transfers 2012	Gross value at end 2012	Original value
Formation costs and research & development				
Other intangible assets			620,986	
TOTAL INTANGIBLE ASSETS			620,986	
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant & equipment		1,262	836,451	
Fixtures and fittings			2,162,359	
Transport equipment				
Office and computer equipment, furniture			549,694	
Recoverable packaging and other				
Property, plant and equipment in progress				
Advances				
TOTAL TANGIBLE ASSETS		**1,262**	**3,548,505**	
Holdings valued by the equity method				
Other equity holdings			14,651,918	
Other long-term securities		24,853	25,147	
Loans and other financial assets			434,206	
TOTAL LONG-TERM INVESTMENTS		**24,853**	**15,111,271**	
GRAND TOTAL		**26,115**	**19,280,762**	

DEPRECIATION AND AMORTISATION

Position and changes during the year	Amount at start of 2012	Increases	Decreases	Amount at end 2012
Formation costs and R&D costs				
Other intangible assets	579,658	8,810		588,467
TOTAL INTANGIBLE FIXED ASSETS	**579,658**	**8,810**		**588,467**
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant & equipment	588,398	102,524	75	690,847
Fixtures and fittings	911,179	199,557		1,110,736
Transport equipment				
Office and computer equipment, furniture	462,733	61,272		524,005
Recoverable packaging and other				
TOTAL TANGIBLE ASSETS	**1,962,309**	**363,353**	**75**	**2,325,588**
GRAND TOTAL	**2,541,967**	**372,163**	**75**	**2,914,055**

Depreciable assets	ALLOWANCES			REVERSALS			Net movement in depreciation allowances at year end
	Tax term coefficient	Declining balance method	Special tax depreciation	Tax term coefficient	Declining balance method	Special tax depreciation	
Formation costs and research & development costs							
Other intangible assets							
TOTAL INTANGIBLE ASSETS							
Land							
Construction on own land							
Leaseholds							
Facilities, fixtures and fittings							
Tech. equipment and machinery							
Gen Inst, fixtures and improvements							
Transport equipment							
Office and computer equipment							
Recoverable packaging & other							
TOTAL TANGIBLE FIXED ASSETS							
Cost of acquisition of equity securities							
GRAND TOTAL							

TOTAL Unclassified							

Charges spread over several years	Amount at start of 2012	Increases	Depreciation and amortization	Amount at end 2012
Issuing costs to be spread over several years				
Loan redemption premiums				

PROVISIONS

Type of provisions	Amount at beginning 2012	Increases: Charge for the year	Decreases: Used during the year	Decreases: Unused during the year	Decreases: Reversals for the year	Amount at end of 2012
Regulated provisions						
Provisions for replenishing sources (mines, oil).						
Provisions for investment						
Provisions for price rises						
Special depreciation allowances						
Additional depreciation for tax purposes of which exceptional increases of 30%						
Tax provisions for foreign establ. (av.1.1.92)						
Tax provisions for foreign establ. (ap.1.1.92)						
Provisions for construction and equipment loans						
Other regulated provisions						
TOTAL REGULATED PROVISIONS						
Provisions for contingencies and losses						
Provisions for litigation						
Provisions for customer warranties						
Provisions for losses on futures markets						
Provisions for fines and penalties						
Provisions for foreign exchange losses	2,605	39,665			2,605	39,665
Provisions for pensions and similar obligations						
Provisions for taxes						
Provisions for capital renewal						
Provisions for major repairs and major overhauls						
Prov. for tax and soc. chgs on holiday pay						
Other provisions for contingencies and losses	293,501	230,534			110,231	413,805
TOTAL PROV. FOR CONTINGENCIES AND LOSSES	**296,106**	**270,199**			**112,836**	**453,469**
Provisions for impairment						
on intangible fixed assets						
on tangible fixed assets						
on long-term investments in equity securities						
on long-term investments in equity capital	14,651,918					14,651,918
on other long-term investments						
on inventories and work in progress						
on trade receivables	45,630	10,800				56,430
Other provisions for impairment	2,546,236	114,356				2,660,592
TOTAL PROVISIONS FOR IMPAIRMENT	**17,243,785**	**125,156**				**17,368,941**
GRAND TOTAL	**17,539,891**	**395,355**			**112,836**	**17,822,410**

of which operating allowances and reversals	125,156	
of which financial allowances and reversals	39,665	2,605
of which exceptional allowances and reversals	230,534	110,231

Investments in associates: amount of impairment at the end of the year	

MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES	Gross amount	Less than 1 year	More than 1 year
Receivables from investments			
Loans (1) (2)			
Other long-term investments	424,206	258,885	175,321
Doubtful or contentious receivables	56,430		56,430
Other trade receivables	2,184,500	2,184,500	
Receivables representing loaned securities			
Personnel	1,600	1,600	
Social security and other employee benefit charges			
Corporate income tax	1,978,587	1,978,587	
Value added tax	736,946	736,946	
Taxes other than on income			
Miscellaneous			
Group and shareholders (2)	2,662,443	2,662,443	
Miscellaneous receivables	466,663	466,663	
Prepaid expenses	778,481	778,481	
TOTAL RECEIVABLES	**9,299,857**	**9,068,107**	**231,751**

(1) Amount of loans granted during the year

(1) Amount of repayments received during the year

(2) Loans and advances to shareholders (individuals)

PAYABLES	Gross amount	Less than 1 year	More than 1 year Less than 5 years	More than 5 years
Convertible bonds (1)				
Other bonds (1)				
Bank debt < 1 year	4,697	4,697		
Bank debt < 1 year				
Other debt (1) (2)	2,082,523	2,082,523		
Trade payables	3,332,479	3,332,479		
Personnel	584,020	584,020		
Social security and other employee benefit charges	665,710	665,710		
Corporate income tax				
Value added tax	4,325	4,325		
Secured obligations				
Taxes other than on income	378,713	378,713		
Payables related to fixed assets	3,387	3,387		
Group and shareholders (2)				
Other liabilities	70,122	70,122		
Debt representing borrowed securities				
Deferred revenue	2,008,636	927,182	1,081,454	
PAYABLES	**9,134,612**	**8,053,158**	**1,081,454**	

(1) Loans contracted during the year

(1) Loans repaid during the year

(2) Amount of loans and debts payable to shareholders

ACCRUED INCOME

Nature of income (receivables)	Amount
Financial assets	
- Receivables related to investments	
- Other financial assets	
Receivables	
- Trade receivables	
- Other receivables	218,048
Marketable securities	**5,691**
Cash	**2,708**
Other	
TOTAL	**226,447**

ACCRUED EXPENSES

Nature of expenses	Amount
Convertible bonds	
Other bonds	
Bank debt	4,697
Other debt	206,888
Customer prepayments	
Trade payables	1,956,744
Accrued taxes and personnel costs	975,398
Payables related to fixed assets	3,387
Other liabilities	70,122
Other	
TOTAL	**3,217,236**

DEFERRED REVENUE AND PREPAID EXPENSES

Nature of expenses	2012	2011
Operating expenses		
Prepaid expenses on operating items	778,481	645,164
Financial expenses		
Exceptional expenses		
TOTAL PREPAID EXPENSES	**778,481**	**645,164**
Comparative BALANCE SHEET (Assets: 2050 SECTION CH)	**778,481**	**645,164**

Nature of income	2012	2011
Operating income		
Deferred revenue on operating items	2,008,636	2,348,721
Financial income		
Exceptional income		
TOTAL DEFERRED INCOME	**2,008,636**	**2,348,721**
Comparative BALANCE SHEET (Liabilities: 2051 section EB)	**2,008,636**	**2,348,721**

TOTAL DEFERRED REVENUE AND PREPAID EXPENSES	**(1,230,154)**	**(1,703,557)**

BREAKDOWN OF SHARE CAPITAL

Classes of securities	Number of securities			Nominal value
	At year end	Issued during the year	Redeemed during the year	
Common shares	17,659,715			0.25
Shares redeemed				
Priority dividend shares				
Preference shares				
Shares				
Investment certificates				

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	01/01/2012	Capital increase	Capital reduction	Appropriation of net income Y-1	Other movements	Income/(loss) Y	31/12/2012
Capital in number of shares							
Nominal value							
Share capital	4,414,929						4,414,929
Additional paid-in capital	118,054,366	27,000					118,081,366
Excess of restated assets over historical cost							
Legal reserve							
Reserves required by the Articles of Association or by contract							
Regulated reserves							
Other reserves							
Retained earnings	(84,849,710)			(14,613,225)			(99,462,935)
Income/(loss) for the period	(14,613,225)			14,613,225)		(10,417,994)	(10,417,994)
Capital grants	226,318				36,700		189,618
Regulated provisions							
Dividends paid							
Total shareholders' equity	23,232,677	27,000			36,700	(10,417,994)	12,804,983

BREAKDOWN OF NET SALES

Breakdown of net sales	2012			2011		
	France	Export	Total	France	Export	Total
Sales of goods held for resale		436,717	436,717		791,347	791,347
Income from ancillary activities	109,324	365,174	474,498	166,062	225,360	391,422
TOTAL	**109,324**	**801,891**	**911,214**	**166,062**	**1,016,707**	**1,182,769**

LEASES

CAPITAL LEASING	Initial cost	Amortization, depreciation and provisions		Net value
		For the year	Cumulative	
Land				
Buildings				
Plant & equipment	74,130	14,826	53,127	21,003
Other tangible assets	44,091	11,023	12,860	31,231
Tangible assets in progress				
TOTAL	**118,221**	**25,849**	**65,987**	**52,234**

LEASE COMMITMENTS	Amounts paid		Amounts outstanding				Residual purchase price
	For the year	Cumulative	< 1 year	Fr 1 to 5 yrs	> 5 years	Total	
Land							
Buildings							
Technical installations	17,307	62,0162	17,307	7,211		24,517	741
Other tangible assets	11,052	13,815	11,052	30,393		41,445	0
Tangible assets in progress							
TOTAL	**28,359**	**75,831**	**28,359**	**37,604**		**65,962**	**741**

AVERAGE HEADCOUNT

Category	Average headcount		Average headcount seconded		Total	
	2012	2011	2012	2011	2012	2011
Managers	42	49			42	49
Supervisors						
Staff and Technicians	11	10			11	10
Other:						
Total	**53**	**59**			**53**	**59**

RELATED COMPANIES AND AFFILIATES

Line items	Amount concerning	
	related firms	firms in which the Company has an equity interest
Financial assets		
Advances and prepayments on intangible assets		
Investments		
Receivables from investments		2,662,443
Loans		
Receivables		
Prepayments to suppliers		
Trade receivables		83,911
Other receivables		
Subscribed, called, unpaid share capital		
Liabilities		
Convertible bonds		
Other bonds		
Bank debt		
Other debt		
Customer prepayments		
Trade payables		16,032
Other liabilities		
Financial income		
Income from investments		
Other financial income		18,961
Financial expenses		
Other		75,679
TOTAL		**2,857,026**

LIST OF SUBSIDIARIES AND INVESTMENTS

Company	Capital	Reserves and retained earnings before appropriation of income	% share of capital held (as %)	Book value of securities held		Loans and advances made by the Company and not yet repaid	Amount of security and guarantees given by the company	Net sales excl. VAT from last year	Result (profit or loss for the last financial year)	Dividends received by the company during the year
				Gross	Net					
LABORATOIRES BIOALLIANCE PHARMA	100,000	(949,072)	100	14,600,000	0	1,029,081		0	(114,091)	
BIOALLIANCE PHARMA SWITZERLAND	82,936	(183,037)	100	31,818	0	158,362			(14,892)	
SPEBIO	40,000	(3,692,847)	50	20,000	0	1,475,000			(166,454)	

FIVE-YEAR SUMMARY OF RESULTS

Type of indicator	2008	2009	2010	2011	2012
Share capital at year end					
Share capital	3,224,208	3,224,583	3,384,018	4,414,929	4,414,929
Number of common shares outstanding	12,896,832	12,898,334	13,536,072	17,659,715	17,659,715
Number of preference shares outstanding					
Maximum no. of future shares to be					
By conversion of bonds					
By exercise of subscription rights					
Operations and results					
Net sales, excluding VAT	1,084,062.2	913,000.31	1,653,357	1,182,769	911,214.26
Profit/(loss) before tax, employee profit					
Depreciation, amortization and provisions	(15,217,550	(8,847,030)	3,636,579	(14,874,396	(11,778,599
Corporate income tax	(2,253,575)	(1,829,922)	(1,456,276)	(1,032,677)	(1,978,587)
Employee profit sharing					
Net profit/(loss) after tax, empl. profit					
Depreciation, amortization and provisions	(14,560,997	(22,398,410	3,831,450	(14,613,225	(10,417,994
Distributions					
Earnings per share					
Net profit/(loss) after tax, empl. profit but before depreciation, amortization and	(1.01)	(0.54)	0.38	(0.78)	(0.55)
Net profit/(loss) after tax, empl. profit Depreciation, amortization and provisions	(1.13)	(1.74)	0.28	(0.83)	(0.59)
Dividend per share					
Personnel					
Average headcount	75	65	61	59	53.11
Gross payroll	4,788,434	4,308,010	4,695,184	5,023,815	3,698,761
Amounts paid for employee benefits	2,384,799	2,063,429	2,085,017	2,201,092	1,850,493

6.4. Statutory auditors' report on the parent company financial statements

To the Shareholders,

In pursuance of the mission entrusted to us by your General Meetings, we present to you our report for the year ended 31 December 2012 on:

- inspection of the annual financial statements of BioAlliance Pharma, as attached to the present report,
- justification of our assessments,
- specific verification and information as required by law.

The annual financial statements were approved by the Board of Directors. It is our duty, on the basis of our audit, to express an opinion on these accounts.

1 Opinion on the financial statements

We conducted our audit according to the professional standards applicable in France. These standards require diligence so as to obtain reasonable assurance that the annual accounts are free of material misstatements. Audit consists of verifying, by sampling or by other methods of selection, documents that support amounts and information contained in the annual accounts. It also involves assessing the accounting principles used, any significant estimates made and the overall presentation of the accounts. We believe that we have collected sufficient and appropriate documents on which to base our opinion.

We certify that these annual financial statements are prepared in accordance with French rules and accounting principles and are consistent and truthful and give an accurate picture of the results of the operations for the preceding financial year as well as the financial situation and the assets of the company at the end of this period.

Without calling into question the opinion expressed above, we draw your attention to the matter described in Note 3.10 "Provisions for risks and charges" of the notes to the financial statements regarding ongoing litigation with Spepharm and SpeBio, and with Eurofins.

2 Justification of our assessment

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following to your attention:

Note 1.9.1 to the financial statements, to be read in conjunction with Note 4.3, presents the accounting treatment of payments due on the signature of licensing agreements. We verified the appropriateness of the accounting methodology and checked the correct implementation. Our audit included assessing the reasonableness of the estimates and significant assumptions on which the revenue recognition relating to these agreements are based.

These appraisals are part of our approach to the audit of the annual accounts, taken as a whole, and therefore contributed to the formation of our opinion expressed in the first part of this report.

3 Specific verification and information

We also conducted, in accordance with professional standards applicable in France, the specific verification as required by law.

We have no comments to make on the truthfulness and consistency with the annual accounts of the information provided in the management report of the Board of Directors and in the documents addressed to the shareholders on the financial situation and the annual accounts.

Regarding the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on remuneration and benefits paid to corporate officers as well as on the commitments made in their favor, we checked their consistency with the financial statements or with the data used in their preparation and, where appropriate, with the elements collected by your company from the companies controlling your company or controlled by it. On the basis of this work, we certify the accuracy and truthfulness of such information.

In application of the law, we are confident that the various information relating to the identity of the shareholders and voting rights has been properly disclosed in the management report.

Paris and Paris-La Défense, 16 April 2013

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Olivier Bochet

ERNST & YOUNG Audit

Béatrice Delaunay

6.5 Other financial information

Date of latest financial data

Publication of press release on the audited 2012 parent company financial statements approved by the Board of Directors on 15 April 2013 and on net sales for the first quarter of 2013.

Interim and other financial data

Publication of the press release on turnover during Q1 2013.

Dividend distribution policy

Because of its losses, BioAlliance Pharma has never distributed dividends.

In its shareholders' interests, the Company intends to dedicate all of its financial resources to increasing its enterprise value. Any distributable profits that may be earned during the business development phase will be kept by the Company and used to develop its activities.

Subsequently, depending on the level of distributable reserves, the Company intends to adopt a dividend distribution policy reflecting increases in profits and cash generated by the business. The Company does not, however, project any dividend distributions in the near future.

6.6 Statutory auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements and commitments.

It is our responsibility to inform you, on the basis of the information that we have been given, of the characteristics and the terms of the agreements and commitments that have been disclosed or that we may have discovered on the occasion of our mission, without having to comment on their usefulness and their merits or to look for the existence of other agreements and commitments. It is your responsibility under the terms of Article R 225-31 of the French Commercial Code to assess the benefits arising from the conclusion of these agreements and commitments with a view to their approval.

Nevertheless, we must, where applicable, provide you with the information specified in Article R 225-31 of the French Commercial Code relating to the execution, during the preceding financial year, of the agreements and commitments already approved at General Meeting.

We have implemented procedures that we considered necessary under the professional standards of the *Compagnie nationale des commissaires aux comptes* in relation to this assignment. Such measures included checking the consistency of the information given to us with the basic documents from which they are derived.

1. Agreements and commitments subject to approval at General Meeting

Agreements and commitments authorized during the preceding financial year.

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments which were the subject of prior authorization from your Board of Directors.

Agreements with companies with directors in common

1.1 With PJL Conseils

1.1.1 Individual concerned

Mr. Patrick Langlois, President of the Board of BioAlliance and Managing Partner of PJL Conseils EURL.

1.1.2 Nature and scope

Consulting contract between your company and PJL Conseils, authorized by your Board of Directors on 17 July 2012.

1.1.3 Terms

This agreement concerns strategic and communications advice within the framework of your company's development and value creation strategy.

Under the terms of this agreement, your company recorded a charge in the amount of €16,625 in respect of fees and related expenses as of 31 December 2012.

2. Agreements and commitments already approved at General Meeting

Agreements and commitments approved during previous years which have continued during the past fiscal year.

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed that the implementation of the following agreements and commitments, already approved at General Meeting in previous years, continued during the past year.

Agreements with companies with directors in common

2.1 With Laboratoires BioAlliance Pharma

2.1.1 Nature and scope

The cash management agreement between your company and its subsidiary, Laboratoires BioAlliance Pharma, authorized by the Supervisory Board on 4 September 2007, and concluded on 17 September 2007, between your company and Laboratoires BioAlliance Pharma.

2.1.2 Terms

This agreement allows the implementation of a centralized cash management system in accordance with the provisions of Article 511-7 of the French Monetary and Financial Code. It is designed to optimize the management of cash requirements and surpluses to minimize interest paid on overdrafts and to facilitate the short-term investment of surplus funds.

In this fiscal year, the amount of interest charged by your company totaled €7,167 pre-tax.

2.2 With the company Chrysabio SARL

2.2.1 Individual concerned

Mrs. Dominique Costantini, CEO until 29 June 2011 and director until 31 December 2011 of BioAlliance Pharma and manager of the company Chrysabio.

2.2.2 Nature and scope

Assignment contract between your company and Chrysabio, authorized by your Board of Directors on 13 May 2011, and concluded on 5 September 2011 between your company and Mrs. Dominique Costantini.

2.2.3 Terms

This contract covers the supervision by Mrs. Dominique Costantini of Sitavir's filing in Europe and the United States, assistance in the field of agreements and licensing and business development missions and assistance on external growth projects.

This contract was signed for a maximum duration of 6 months and provides for a maximum of 60 days worked from 13 July 2011 for a daily flat-rate fee of €2,500.

Under this contract your company recorded charges in the amount of €126,883 in respect of fees and related expenses as of 31 December 2012.

Paris-La-Défense and Paris, 16 April 2013

The Statutory Auditors

ERNST & YOUNG Audit	**Grant Thornton** **French member of Grant Thornton International**
Béatrice Delaunay	Olivier Bochet

6.7 Declaration of the presence of information as per the Decree of 24 April 2012

For the attention of executive officers,

Following the request made to us and in our capacity as independent auditor of BioAlliance Pharma, we make this declaration regarding the consolidated social, environmental and societal information presented in the management report that has been prepared in respect of the financial year ended 31 December 2012, and in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

Directors' responsibility

It is the responsibility of the Board of Directors of BioAlliance Pharma to write a management report including the consolidated social, environmental and societal information in accordance with Article R. 225-105-1 of the French Commercial Code (hereinafter "Information"), established in accordance with the standards used by the company.

Independence and quality control

Our independence is defined by the regulations, the Code of Ethics of the profession as well as the provisions set out in Article L. 822 - 11 of the French Commercial Code. In addition, we have implemented a system of quality control which includes policies and documented procedures to ensure compliance with the rules of ethics, professional standards and applicable legal and regulatory texts.

Responsibility of the independent auditor

Based on our work we must certify that the required information is present in the management report or, failing this, is the subject of an explanation pursuant to the third paragraph of Article R. 225 - 105 of the French Commercial Code and Decree no. 2012-557 of 24 April 2012. However, it is not our responsibility to check the relevance of this information.

Nature and scope of work

We conducted the following tasks in accordance with the professional standards generally accepted in France:

- We compared the information contained in the management report with the list required under Article R. 225-105-1 of the French Commercial Code.
- We verified that the information covered the scope of consolidation, namely the company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233 - 3 of the French Commercial Code.

- In the event of the omission of certain consolidated information, we verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 on 24 April 2012.

Conclusion

On the basis of this work, we confirm the presence in the management report of the required information.

Paris-La Défense, 16 April 2013

The Independent Auditor
ERNST & YOUNG Associates
Sustainable Development Department

Christophe Schmeitzky

7. ADDITIONAL LEGAL AND FINANCIAL INFORMATION

7. ADDITIONAL LEGAL AND FINANCIAL INFORMATION

7.1 Share capital and the stock market

7.1.1 BioAlliance Pharma and its shareholders

All shareholders have access to comprehensive, transparent and clear information, tailored to their individual needs and which can be used to make an objective assessment of the growth strategy and results of BioAlliance Pharma. This financial communication policy aims to provide all shareholders with information that conforms to market practices.

A very wide variety of public documents are published, including regulatory filings, covering the Company's activity, strategy and financial reporting: reference document, annual report, interim financial report, shareholders' communications, the Company's Articles of Association, and the Board of Directors' rules of procedure. All of these documents, in French and in English, are readily available on the Company's website: www.bioalliancepharma.com, under the 'Investors' tab, and on request from executive management of BioAlliance Pharma. An email address (contact@bioalliancepharma.com) allows those who so desire to receive such material directly (annual report, corporate brochure, press releases).

BioAlliance Pharma publishes in the French legal gazette, the *Bulletin des Annonces Légales Obligatoires* (BALO) [in French only] and, in accordance with regulations, disseminates the interim and annual reports required of a listed company. Financial reports are supplemented by press releases intended for the financial community and the public in general on matters of significant importance for the understanding of the Company's business and strategy. The Company holds regular meetings for financial analysts and business reporters to explain, in an interactive forum, the Company's challenges, products, projects and results.

In 2012 BioAlliance Pharma also held more than one hundred and twenty private meetings, mainly with institutional investors, demonstrating its dynamism in France. Furthermore, to encourage potential new investors and consistent with the growing internationalization of the Company, in late 2012 the Company completed a partnership agreement with Trout Group LLC to develop its investor relations activities in the United States and Europe.

The annual report presented and filed as a reference document with the French financial markets authority, the *Autorité des Marchés Financiers* (AMF), and the report on the interim financial statements are widely distributed within the financial community.

CALENDAR 2013

15 April 2013	Publication of the consolidated financial statements for 2012
15 April 2013	Publication of net sales for Q1 2013
16 April 2013	SFAF meeting in Paris
19 September 2013	Publication of interim financial report
20 September 2013	SFAF meeting at head office
14 November 2013	Publication of net sales for Q3 2013

7.1.2 Ownership structure of BioAlliance Pharma

As of 31 December 2012, the capital of the Company is composed of 82.67% bearer and 17.33% registered shareholders.

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, we inform you below of the identity of shareholders with holdings of more than 5% of the share capital, i.e. with more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the capital or of the voting rights as of 31 December 2012.

Ownership has remained relatively stable in fiscal 2012. The top ten shareholders represent 37% of the capital, the number of shareholders remains above 8,000 and shares held by individuals is in the order of 40%.

No shareholders' agreement was reported to the Company.

	Shares		**Voting rights**	
Shareholders	**Number of shares**	**% of share capital**	**Number of voting rights**	**% of share capital**
Financière de la Montagne	1 767 133	10.00%	1 767 133	10.00%
ING Belgium	1 076 175	6.09%	1 076 175	6.09%
IDInvest Partners	835 749	4.73%	835 749	4.73%
Talence Gestion	467 349	2.65%	467 349	2.65%
CDC PME Croissance	438 902	2.48%	438 902	2.48%
Total principle shareholders	5 464 201	25.95%	5 464 201	30.94%
Others	12 195 514	74.05%	12 195 514	69.06%
Total 12/31/2012	**17 659 715**	**100 %**	**17 659 715**	**100 %**

The table of changes in ownership over the last three years is available in section 7.2.2.2 of this Reference Document.

As of 31 December 2012, the directors hold about 14.74% of the capital and the voting rights of the Company.

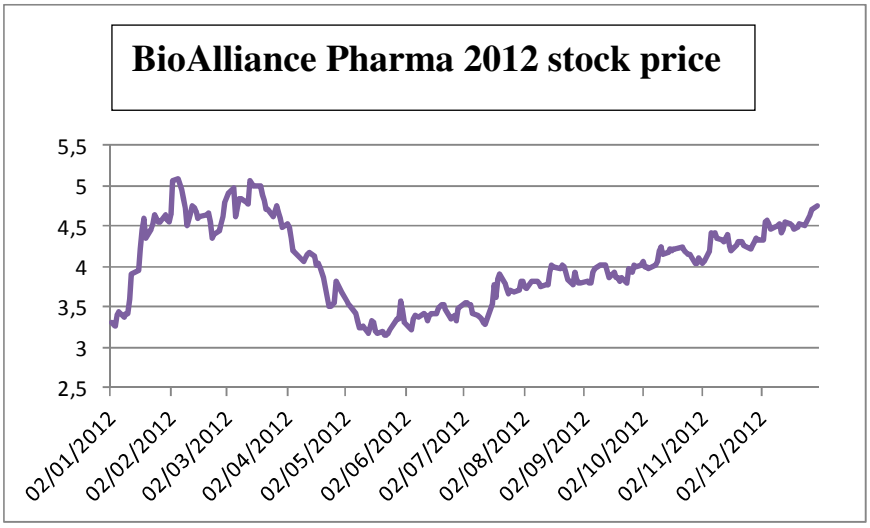
7.1.3 Stock price trend and other information about the share capital

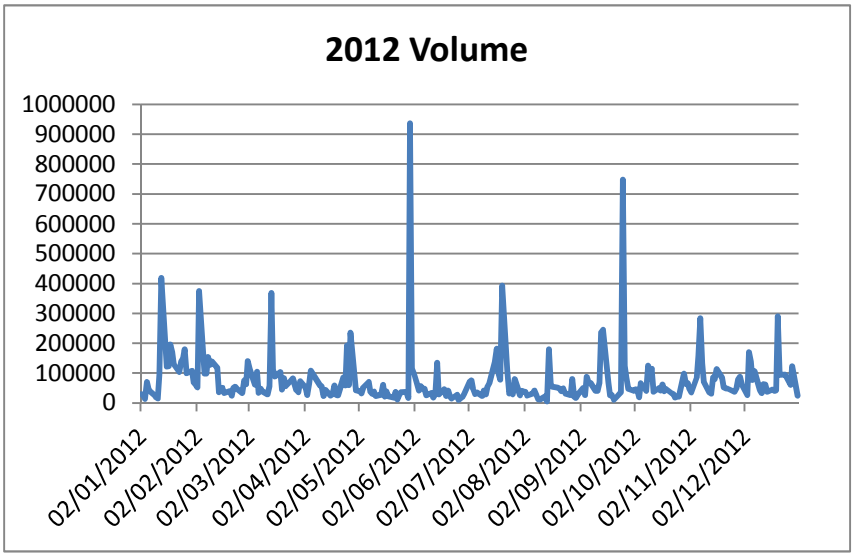
The Company's shares were listed on the Eurolist market of Euronext Paris (sub-fund C) on 7 December 2005. Previously, the shares were not quoted on any French or foreign stock market.

In fiscal 2012, the share price reached €3.16, its lowest level on 23 May 2012 to close at €4.76 on 31 December 2012. The highest price reached was €4.76 on 31 December 2012.

Price movement and transaction volume

The tables below trace the price trends and the share's transaction volume for the period between 1 January 2012 and 31 December 2013 (prices NYSE Euronext Paris).





Stock market data

	31/12/2012
Market capitalization at year end *(in millions of euros)*	84.06
Share price *(in euros)*	
• High	4.76
• Low	3.16
Share price at year end *(in euros)*	4.76

Dividends

BIOALLIANCE PHARMA shares

Financial year	**No. of shares**	**Dividends paid out for the financial year**
2010	13,536,072	-
2011	17,659,715	-
2012	17,659,715	-

7.2 Additional information on BioAlliance Pharma

7.2.1 History

1997. Company founded on 5 March 1997.

1999. An initial financing round in February 1999 allowed a new laboratory to be funded and set up on the premises of the School of Pharmacy of Châtenay-Malabry for the industrial development of new pharmaceutical forms of anticancer drugs. These funds also allowed the Company to initiate its first clinical trials on products resulting from two patented technologies – Lauriad® mucoadhesive oral technology since 2000 and Transdrug™ nanoparticulate technology since 2001 – as well as research projects to identify new therapeutic targets and new drugs acting on these targets.

2000-2005. New venture capital funds were raised in 2000, and again in 2003-2004, making it possible to conduct clinical trials on the products resulting from both technologies, and then, in 2005, to finalize and file a registration application in France for Loramyc®, the first product entirely developed by the Company.

2005. To support the development of its clinical trials and prepare for the launch of Loramyc®, the Company was floated on the Euronext Paris market on 7 December 2005.

2006-2008. BioAlliance Pharma raised funds through a private placement in July 2007. After obtaining the Marketing Authorization (MA) for Loramyc® in France in October 2006, in August 2007 the Company received an innovation award for services rendered and, in late 2007, launched Loramyc® on the French market with an indication of oropharyngeal candidiasis in immunocompromised patients. In 2008, the Company obtained marketing authorizations for this product in 11 other European countries (by the mutual recognition procedure) and completed a pivotal Phase III trial on Loramyc® in the United States.

2009. In 2009, the Company finalized the registration file to be submitted to the US drug agency, the FDA, after having concluding an agreement in 2007 with PAR Pharmaceutical, which acquired the rights to market Loramyc® in the United States. Other products for supportive care and treatment of severe cancers are currently in the clinical and preclinical stages of development. Among them, three new products entered the clinical phase at the end of 2009: two products resulting from the Lauriad® technology: fentanyl Lauriad® (Phase I) for severe chronic cancer pain; clonidine Lauriad® (Phase II) for the treatment of mucositis; and a new entity, AMEP® anti-invasive biotherapy (Phase I) for the treatment of invasive melanoma.

2010. In April 2010, BioAlliance Pharma obtained US marketing authorization for Loramyc® under the brand name of Oravig®, with an indication of oropharyngeal candidiasis in adults. Strativa Pharmaceuticals, Par Pharmaceutical's 'supportive care products' division, began marketing Oravig® in the US in late 2010. Also in 2010, the Company obtained 13 new MAs for Loramyc® in Europe, bringing to 26 the number of European countries in which the product is registered.

After demonstrating the commercial potential of Loramyc® in France by marketing it directly through its operating subsidiary Laboratoires BioAlliance Pharma, the Company handed the marketing of Loramyc® and Setofilm® in Europe, including France, to the Therabel Pharma group, to which it transferred all of its sales and marketing operations. To market

Loramyc®/Oravig® in the rest of the world, the Company established international partnerships with Par Pharmaceutical/Strativa in the United States, and Handok and NovaMed in Asia.

Meanwhile, the Company conducted a pivotal Phase III trial on acyclovir Lauriad®, or Sitavig®, for the treatment of recurrent orofacial herpes in Europe, Australia and the United States.

The Lauriad® technology used (a mucoadhesive oral tablet) is the same proven technology as Loramyc®. The excellent results obtained in Phase III in December 2009 helped in setting the product's registration strategy – under the brand name of Sitavig® – in Europe and the US, and paved the way for negotiating partnership agreements on this product intended for the treatment of recurrent orofacial herpes in primary care channels.

2011. The year was marked by the departure of Dominique Costantini, CEO and co-founder of the Company, and the appointment of a new CEO, Judith Gréciet and a new Chairman, Patrick Langlois, and the reorganization of the Board of Directors. In addition, a new round of financing raised €16 million, used to continue the development program for Livatag® (doxorubicin Transdrug™) and to reinforce the Company's orphan drugs portfolio.

2012. The year 2012 was characterized by the progression of clinical developments for the three most advanced products in the Orphan Products in Oncology portfolio: start-up of Livatag® Phase III, active pursuit and geographic expansion in Europe for the recruitment of patients in Phase II of Validive® (Clonidine Lauriad®) and authorization for Clinical Phase I/II of AMEP® filed with the ANSM (French drug agency).

In 2012 the company also announced an initial exclusive licensing agreement with Abic Marketing Limited, a subsidiary of Teva Pharmaceutical Industries Limited group, for the marketing of Sitavig® in Israel, as well as the signing of an exclusive licensing agreement with Vestiq Pharmaceuticals to commercialize Oravig® in the United States, and the signing of a contract with the company Shafayab Gostar for distribution of Loramyc® in Iran.

7.2.2 Legal information about the Company

7.2.2.1 General information

Company name and address

- Company name: BioAlliance Pharma
- Registered head office: 49 Boulevard Valin – 75015 Paris – France
- Telephone: +33 (0)1 45 58 76 00
- Fax: +33 (0)1 45 58 08 81
- www.bioalliancepharma.com

Company legal form

BioAlliance Pharma is a French limited company (*société anonyme*) whose shares are traded on Euronext Paris. It is governed by the French Commercial Code and its implementing texts, and it conforms to the system of corporate governance generally accepted in France and more particularly to the MiddleNext Code of Corporate Governance for listed companies.
BioAlliance Pharma applies the statutory and regulatory standards that govern the functioning of corporate boards and reports in this reference document on its implementation of the recommendations made under the above-mentioned code.

Statutory auditors

The Company's financial statements are audited by two statutory auditors appointed in accordance with Article L. 225-228 of the French Commercial Code.

Date of incorporation and term

Date of incorporation of the Company: 5 March 1997.
Date of expiry of the Company's term: 5 March 2096.

Registration

The Company is entered in the Paris Trade and Companies Register under number 410 910 095.
Its APE/NAF code is 7219Z. This is the code for research and development in the physical and natural sciences.

Consultation of documents

The following corporate documents may be consulted at the Company's registered office (where a copy can be obtained):

- The memorandum and Articles of Association, the minutes of the shareholders' meetings and other corporate documents of the Company;
- All reports, letters and other documents, historical financial information, valuations and declarations prepared by an expert at the Company's request, some of which are included or referred to in this reference document; and
- The historical financial information on the Company and its subsidiary Laboratoires BioAlliance Pharma for each of the two financial years prior to the publication of this reference document.

The regulatory financial information is available on BioAlliance Pharma's website at the following address: http://www.bioalliancepharma.com. and on the website contact@bioalliancepharma.com of the official journals or may be obtained by request from Nicolas Fellmann, Chief Financial Officer, e-mail: contact@bioalliancepharma.com.

Corporate purpose
According to Article 2 of its bylaws, the Company's purpose is:

- the design, research and development of healthcare products from their creation up to marketing authorizations are obtained, and all operations related thereto;
- the acquisition, filing, award, assignment and licensing of all patents, trademarks, licenses and utilization processes;
- the acquisition of holdings or interests in all companies or enterprises created or to be created, both French and foreign, with or without a purpose similar to the Company's;
- the provision of services, advice, research, development and marketing in the health sector;
- and, more generally, all industrial, commercial, financial, civil, securities or property operations, which may be related directly or indirectly to one of the aforementioned objects or any similar and related purposes, and which may be useful for the performance and development of the Company's business.

Financial year

The financial year, a period of twelve (12) months, begins on 1 January and ends on 31 December.

Distribution of profits

Distributable profits consist of the net profit for the financial year less previous losses and amounts transferred to reserves in accordance with the law or bylaws, plus retained earnings.
Out of this profit, the General Meeting of shareholders determines the portion allocated to shareholders as dividends, deducting the sums it deems appropriate for allocation to any reserve funds or to retained earnings.
However, except in the event of a capital reduction, no dividend may be paid to shareholders when the share capital is or, following the distribution, would be less than the capital and distributable reserves required for dividends by law and the bylaws.
The annual General Meeting may decide to distribute the sums deducted from optional reserves either to provide or supplement a dividend or as an exceptional dividend.
The bylaws provide that the annual General Meeting approving the financial statements for the year may grant each shareholder the option of receiving their dividend or interim dividends in cash or shares.

Unclaimed dividends

Dividends must be claimed within five (5) years from the date of payment, after which they are paid to the French Treasury.

Institution providing financial services to the Company

The service provider for transfers and coupon payments is the bank Société Générale, at the following address: Société Générale Securities Services, 32 rue du Champ de Tir - BP 81236 - 44312 Nantes Cedex 3.

BioAlliance Pharma share listing

BioAlliance Pharma shares are listed on Compartment C of the Euronext Paris market of NYSE Euronext. ISIN Code: FR0010095596.

Shareholders' meetings

Shareholders' meetings are convened and held under the conditions set by law. Meetings take place at the registered office or at any other location stated in the notice of meeting.
All shareholders have the right to attend shareholders' meetings and to participate in their deliberations either personally or by proxy, regardless of the number of shares that they hold, if an entry is made in respect of the shares held, under the conditions provided for by law, either in the shareholder's own name or in the name of the intermediary registered on such shareholder's behalf, by the third business day before the date of the shareholders' meeting at zero hours, Paris time, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the duly authorized intermediary.
Shareholders who participate in the meeting via video conferencing or via telecommunications methods that allow identification to be made as required by the regulations then in force are also deemed to be present for determination of a quorum and majority, if the Board of Directors so decides when the meeting is convened.
BioAlliance Pharma's website has a continuously updated calendar of the Group's financial events, including the date of the annual General Meeting.

Voting rights

There is only one class of shares, which conveys to all shareholders the same rights.

Each share conveys rights to the profits and corporate assets in a share proportional to the amount of capital it represents and conveys the right to one vote. The Articles of Association do not contain any provisions stipulating double voting rights for shareholders or limiting the voting rights attached to shares.

Statutory thresholds that must be disclosed to the Company (Article 24 of the Articles of Association)

In accordance with the provisions of the French Commercial Code, any natural person or legal entity, acting alone or in concert with any other person, who holds bearer shares entered in an

account with an authorized intermediary and who comes to own a number of company shares representing more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the capital or voting rights must inform the Company and the AMF, within four trading days of the date when the ownership threshold is crossed, of the total number of shares or voting rights which said person owns. This information must also be disclosed, within the same periods and under the same conditions, when the interest in the capital or voting rights drops below the aforementioned thresholds.

The Company's Articles of Association do not provide for additional thresholds.

In 2012, the Company received one disclosure regarding the crossing of a higher threshold on 4 December 2012 by Société Financière de la Montagne, which since this date holds 1,767,133 shares, representing 10% of the share capital of the company.

No other provision of the Articles of Association affects the rights of the shareholders, which may only be modified under the conditions laid down by law.

Existence of agreement whose implementation could result in a change of control of the Company or could have the effect of delaying, deferring or preventing a change of control

To the Company's knowledge, there exists no agreement to date which if implemented would eventually result in a change of control.
At present there is no provision in the Company's memorandum and Articles of Association, bylaws, charter or internal regulations that could have the effect of delaying, deferring, or preventing a change of control.

Measures taken by the Company to ensure that control is not abused

The measures taken by the Company to ensure that control is not abused are described in the reference document on the following pages:

- Chapter 5 of the reference document: Chairman's report on internal control;
- Chapter 5 of the reference document: existence of independent directors on the Board of Directors and special committees;
- Chapter 5: section on 'conflicts of interest'.

Significant contracts and transactions with related parties

The Group has not entered into any contract other than those concluded in the normal course of business.
Related-party transactions are described (i) in section 5 of this reference document as it relates to executive remuneration, and (ii) in Note 17 to the consolidated financial statements, in section 6 of this reference document, as it relates to transactions carried out with other companies related to the Group.

Property, plant and equipment

Due to the large-scale use of subcontracting for the manufacture of its products, the Group's activities do not warrant the ownership of plant or industrial equipment or facilities.
The Company leases its offices and laboratories, with a total area of 2,500 square meters, in the building housing its registered head office in Paris. The French operating subsidiary, Laboratoires BioAlliance Pharma, occupies part of these premises.
In addition, in accordance with a temporary agreement to occupy public state-owned premises entered into with the Châtenay-Malabry School of Pharmacy and Paris XI University, renewed in 2006, the Company has a research and development laboratory located on the premises of the Châtenay-Malabry School of Pharmacy. This laboratory, which occupies an area of approximately 60 sq. m. and has a clean room (a vacuum chamber enabling work with genotoxics) that the Company uses to conduct certain experiments on its products.

Presentation and explanation of the factors that may have an impact in the event of a takeover bid

In accordance with the provisions of Article L. 225-100-3 of the French Commercial code, we inform you below of the elements that could have an impact in the event of a takeover:

- the Company's capital structure has no characteristic likely to have an impact in the event of a takeover;
- there are no statutory restrictions on the exercise of voting rights and share transfers, or clauses to agreements brought to the knowledge of the Company pursuant to Article L.233-11 of the French Commercial code;
- any declaration made in respect of Articles L. 233-7 and L.233-12 of the French Commercial Code does not directly or indirectly affect the Company's capital, such as would be likely to have an impact in the event of a takeover bid;
- there are no shares with special controlling rights;
- there are no employee shareholding schemes;
- the Company has no knowledge of agreements between shareholders that could lead to restrictions on share transfers and the exercise of the voting rights;
- under the terms of Article 14 of the Articles of Association, the members of the Board of Directors are appointed for a period of three years by the shareholders' General Meeting. In the event of a vacancy due to death or resignation of one or more of the directors, the Board of Directors may, between two General Meetings, make interim appointments, which are subject to the ratification of the next ordinary General Meeting. The Articles of the Company may only be changed at extraordinary General Meeting;
- the Board of Directors shall receive delegations which are described in the "summary table of valid delegations granted by the shareholders' General Meeting to the Board of Directors" annexed to this document;
- the Company entered into certain contracts explicitly including a change of control clause. These include contracts of collaboration and licensing for new entities, which provide a clause requiring the contractor's prior agreement in the event of a change of control of BioAlliance.

- A compensation agreement does not exist at this time for executive management or employees should they resign or be dismissed without just cause or if their employment is terminated because of a takeover bid.

Third party information, statements by experts and declarations of interest

The Company certifies that the information received from third parties contained in this reference document has, to its knowledge, been accurately reproduced and that, in light of the data set out in this reference document, no fact that is liable to be significant has been omitted which would lead to the information reproduced being inaccurate or misleading.

7.2.2.2 Additional information on the share capital

At 31 December 2012, the Company had share capital of €4,414,928.75, divided into 17,659,715 shares with nominal value of €0.25 each, all of the same class and fully paid. The shares represent voting rights, and none have been issued that do not represent the Company's capital. They represent 17,654,432 voting rights, net of treasury shares. There are no shares that do not represent the capital of the Company.

As of the date of this Reference Document, share capital stands at €4,539,928.75 divided into 18,159,715 shares, each of a nominal value of €0.25, all of the same class and fully paid.

Cross-holdings and treasury shares

We inform you that our company has not conducted any of the transactions as set out in Articles L. 233 – 29 and L. 233-30 of the French Commercial Code.

Liquidity agreement

Objectives of the buyback program and use of the redeemed securities

We remind you that, in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code, the Company has been authorized by its shareholders to buy back its own shares, within the limit of 10% of the share capital. This authorization has been conferred for a period of 18 months by the Company's combined General Meeting on 29 April 2009, under the terms of its tenth resolution then renewed for a period of 18 months by the Company's combined General Meeting on 22 April 2010, under the terms of its sixteenth resolution.

During the year ended 31 December 2012, the Board of Directors successively implemented the program authorized by the General Meeting of 29 June 2011, then from 29 June 2011 onwards, the program authorized by the general meeting of 31 May 2012, which was the same as the previous.

The objectives of this buyback program are, in descending order of priority, as follows:

- to support the secondary market and the liquidity of the Company's shares through a financial services intermediary acting in an independent manner within the framework of a liquidity contract in compliance with the AMAFI (French association of financial market professionals) code of ethics recognized by the AMF (French securities regulator);

- to set up any stock option plan to purchase Company shares under the provisions of Articles L. 225-177 et seq. of the French Commercial Code;
- to allocate bonus shares to employees and executive officers;
- to allocate shares to employees and, where appropriate, to executive officers in respect of profit sharing of the fruits of the Company's expansion and the implementation of any corporate savings plan, under the conditions provided by law, particularly in the context of Articles L. 3332-18 et seq. of the French Labor Code;
- to purchase shares to be held and later delivered for exchange or payment in the context of external growth transactions limited to 5% of the share capital;
- to issue shares upon the exercise of rights attached to securities giving access to capital.
- to cancel redeemed shares within the limits set by law and under the suspensive condition that the eleventh resolution of this General Meeting is adopted.

The description of this share buyback program is available at the Company's head office and on its internet site.

Implementation of the share buyback program

In accordance with the provisions of Article L. 225-211 of the French Commercial Code, please find below an explanation of how the share buyback program has operated during the past year.

In fiscal 2012, this share buyback program was exclusively used in a liquidity contract with the objective of supporting the secondary market and providing liquidity for the Company's shares, through a financial services intermediary. In compliance with the regulation in force, in particular the provisions of European Regulation no. 2273/2003 of 22 December 2003, the Company concluded a liquidity contract on 2 January 2007, with CM-CIC Securities in accordance with the code of ethics of the French association of financial market professionals (AMAFI), recognized by the AMF. This contract is still in force as of the filing date of this 2012 reference document.

Since 8 October 2008, the amount that has been allocated to the liquidity account is €400.000.

Under the share buyback program, between last year's opening date and closing date, the Company has made purchase and sale transactions of its own shares as follows:

- Number of shares purchased: 1,078,101 at an average price of €4.06 (yearly weighted average)
- Number of shares sold: 1,088,208 at an average price of €4.08 (yearly weighted average)
- Trading expenses: €27,000 per year.

The Company held 5,283 of its own shares on 31 December 2012, with a nominal value of €1,320.75 and a value of €25,147.08 assessed according to the price paid for the shares.

	Number of shares purchased	Number of shares sold	Average purchase price	Average selling price	Number of shares registered on behalf of the Company	% of capital
Buyback program for	0	0	0	0	0	0
Liquidity Contract.....						
January 2012	112787	106695	4.16	4.17	21572	0.12
February 2012	145552	158972	4.68	4.67	8152	0.04
March 2012	139712	106151	4.77	4.82	41713	0.23
April 2012	87738	89584	3.99	3.94	39867	0.22
May 2012	42316	56438	3.45	3.50	25745	0.14
June 2012	39617	46243	3.34	3.41	19119	0.10
July 2012	95318	108926	3.57	3.59	5511	0.03
August 2012	95735	72489	3.92	3.94	28757	0.16
September 2012.....	44872	45840	3.95	4.01	27789	0.15
October 2012.....	116592	123099	4.12	4.11	21282	0.12
November 2012.....	116423	116796	4.29	4.32	20909	0.12
December 2012	41439	56975	4.54	4.57	5283	0.02
Total	**1078101**	**1088208**	**4.06(1)**	**4.08 (1)**	**265699**	

(1) (Yearly weighted average)

All share purchases and sales made by the Company since their listing on a regulated stock market were made within the liquidity contract to stabilize the share price.

At its meeting on 13 September 2012, the Board also adopted a share warrant plan and approved the list of the independent directors who received a total of 85,000 warrants.

A share warrant summary at 31 December 2012 is available in Notes 7.5.3 and 16 to the consolidated accounts.

Options to subscribe for shares

Authorization was given to the Board at the shareholders' General Meeting of 31 May 2012 to proceed with the allocation of stock options:

- on 13 September 2012, the BioAlliance Pharma's Board of Directors adopted the plan regulating the allocation of shares to executives and approved the list of 2 recipients who may receive, on the basis of the fulfillment of performance conditions, a maximum of 110,000 BioAlliance Pharma shares.

- on 13 September 2012, the Board of Directors also adopted the plan regulating the allocation of employee shares and approved the list of 49 recipients who may receive, on the basis of the fulfillment of performance conditions, a maximum of 268 000 BioAlliance Pharma shares.

The summary of the share options on 31 December 2012 is available in notes 7.5.2 and 16 of the consolidated accounts.

Authorized but unissued capital/ debt instruments

The Company has authorized capital increases which have not been carried out at the date of filing of this reference document, which may result from the warrants, stock options and free shares described in Section 5 of this reference document.

In addition, the extraordinary General Meeting of 31 May 2012 authorized:

(1) the Board of Directors, in accordance with the provisions of Article L 225-209 of the French Commercial Code and for a period of 18 months, to cancel, on one or more occasions, the shares of the Company that it holds in connection with a buyback program decided by the Company, within the limit of 10% of the share capital per 24-month period, and to reduce the capital accordingly by charging the difference between the purchase value of the cancelled shares and their nominal value against available premiums and reserves [resolution 8 of the extraordinary General Meeting of 31 May 2012];

(2) the Board of Directors, in accordance with Articles L. 225-129 to L. 225-129-4, L. 225-134 and L. 228-91 et seq. of the French Commercial Code, to increase, on one or more occasions, the Company's capital by issuing common shares and/or securities giving access to the Company's capital and/or transferable securities entitling the allocation of debt securities – with preferential subscription rights maintained – for a period of 26 months and within a maximum ceiling of €1,325,000, representing 5.3 million shares or 25% of the share capital at 31 December 2011 [resolution 9 of the EGM of 31 May 2012];

(3) the Board of Directors, in accordance with the provisions of Articles L. 225-129 to L. 225-129-4, L. 225-135, L. 225-136-3 and L. 228-91 et seq. of the French Commercial Code and Article L. 411-2, paragraph II of the French Monetary and Financial Code, to increase, on one or more occasions, the Company's capital by issuing common shares and/or securities giving immediate or future access to the Company's capital, by an offer referred to in paragraph II of Article L 411-2 of the French Monetary and Financial Code, benefitting qualified investors or a restricted circle of investors, for a period of 26 months and within a maximum ceiling of €875,000, representing 3.5 million shares or 20% of the share capital at 31 December 2011, with the proviso that this amount will be deducted from the ceiling referred to in resolution 9 above. The sum to be returned to the Company for each of the common shares issued will be determined by the Board of Directors pursuant to the provisions of Article L 225-136-1° of the French Commercial Code and will thus be equal to the weighted average of the prices on the last three trading days (on the Paris stock market) preceding its determination, less, where applicable, the maximum discount of 5% stipulated in Article R 225-119 of the French Commercial Code [resolution 10 of the EGM of 31 May 2012];

(4) the Board of Directors, in accordance with Articles L. 225-135-1 et R. 225-118 of the French Commercial Code, have decided to increase the number of shares in the first issue decided in application of the authorizations conferred on the Board of Directors under the ninth and tenth resolutions above, or within thirty days of the closing of the subscription at the same price as that selected for in the initial issue and limited to 10% of the initial issue, and subject to compliance with the ceiling provided for in the resolution under which the issue was determined [resolution 11 of the EGM of 31 May 2012];

(5) the Board of Directors, notably in accordance with the provisions of Article L. 225-147 of the French Commercial Code, decided, based on the report of one or more independent appraisers, to issue, on one or more occasions and in the proportions and at times it considers appropriate and within the limit of 10% of the capital, common shares of the company or securities giving access by any means, immediately and/or in the future to common shares of the company in exchange for contributions in kind made to the company and consisting of capital securities or securities giving access to the capital when the provisions of Article L. 225-148 of the French Commercial Code do not apply, with such shares conferring the same rights as existing shares subject to their vesting date [resolution 12 of the EGM of 31 May 2012];

(6) the Board of Directors, in accordance with Articles L. 225-177 to L. 225-184 of the French Commercial Code, to grant a maximum number of 333,000 options for one share each, granting rights to subscribe for new shares to be issued by the Company as a capital increase, or to buy existing shares in the Company. The options would be granted to all the Company's employees and to at least 90% of its subsidiaries' employees, excluding the Company's executive officers, and the total number of options thus granted represents a maximum nominal amount of €83,250, i.e. a maximum dilution of 1.88% relative to the Company's share capital at the end of the 2011 financial year [resolution 13 of the EGM of 31 May 2012];

(7) the Board of Directors, in accordance with Articles L. 225-177 to L. 225-184 of the French Commercial Code, to grant a maximum number of 110,000 options for one share each, granting rights to subscribe for new shares to be issued by the Company as a capital increase, or to buy existing shares in the Company. The options would be granted to the Company's executive officers and the total number of options thus granted represents a maximum nominal amount of €27,500, i.e. a maximum dilution of 0.62% in relation to the Company's share capital at the end of the 2011 financial year [resolution 14 of the EGM of 31 May 2012].

(8) the Board of Directors to issue and allocate to the members of the Company's Board of Directors who are not employees or officers of the Company or any of its subsidiaries, a maximum of 100,000 warrants ('BSAs') to purchase common shares, each giving the right to subscribe for one share of the Company with a nominal value of €0.25, representing a total nominal amount of €25,000, and corresponding to a dilution of 0.57% in relation to the Company's share capital the at the end of the 2011 financial year [resolution 15 of the EGM of 31 May 2012].

The full text of the resolutions proposed to or approved by the shareholders' General Meetings may be found on the Company's website: http://www.bioalliancepharma.com.

In accordance with the provisions of Article L 225-100 of the French Commercial Code, we report to you the delegations currently in force, granted by the shareholders' General Meeting to the Board of Directors in respect of capital increases and the use made of these delegations in 2012.

In euros	**Date of EGM**	**Expiry date of the authorization**	**Maximum nominal amount authorized**	**Increase carried out in preceding years**	**Increase(s) carried out during the financial year**	**Number of shares remaining at the date of preparation of this table**
Share buyback program Articles L. 225-209 et seq. of the French Commercial Code	31/05/12 Reso.8	18 months (11/2013)	**10% OF CAPITAL**	N/A	Use only under a liquidity contract	See Management Report
Authorization to increase capital via all types of securities, with maintenance of preferential subscription rights Articles L. 225-129 to L. 225-125-4, L. 225-134 and L.228-91 et seq. of the French Commercial Code	31/05/12 Reso.9	26 months (07/2014)	**€1,325,000 OR 5.3 MILLION SHARES, I.E. 25% OF THE CAPITAL AT 31/12/2011**	N/A	None	The entire authorization
Authorization to increase capital by issuing shares and/or securities granting rights to capital, in an offer to qualified investors or a restricted circle of investors within the meaning of paragraph II of Article L. 411-2 of the French Monetary and Financial Code	31/05/12 Reso.10	26 months (07/2014)	**€875,000 OR 3.5 MILLION SHARES, I.E. 10% OF THE CAPITAL AT 31/12/2011 (DEDUCTED FROM THE CEILING IN RESOLUTION 9)**	N/A	None	The entire authorization
Authorization to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights under over-allotment options	31/05/12 Reso.11	26 months (07/2014)	within the limit of 10% of the initial issue (see 9th and 10th resolutions)	N/A	None	The entire authorization
Delegation of authority granted to the Board of Directors to increase the share capital within the limit of 10% of the capital to pay contributions in kind with capital securities or securities which grant access to the capital of third-party companies outside of a public exchange offering	31/05/12 Reso.12	12 months (06/2013)	within the limit of 10% of the capital (see 9th and 10th resolutions)	N/A	None	The entire authorization
Authorization to grant stock options to all employees Articles L. 225-177 to L. 225-184 et seq. of the French Commercial Code	31/05/12 Reso.13	38 months (08/2014)	€83,250 or 333,000 options, i.e. 1.88% of the capital at 31/12/2011	N/A	268,000 options granted. No exercise, therefore, no capital increase	65,000
Authorization to grant stock options to executive officers of the Company Articles L. 225-177 to L. 225-184 et seq. of the French Commercial Code	31/05/12 Reso.14	38 months (08/2014)	€27,500 or 110,000 options, i.e. 0.62% of the capital at 31/12/2011	N/A	110,000 options granted. No exercise, therefore, no capital increase	0

In euros	Date of EGM	Expiry date of the authorization	Maximum nominal amount authorized	Increase carried out in preceding years	Increase(s) carried out during the financial year	Number of shares remaining at the date of preparation of this table
Authorization to issue and allocate share purchase warrants to the members of the Company's Board of Directors who are not employees or officers of the Company or any of its subsidiaries	31/05/12 Reso.15	18 months (12/2013)	€25,000 or 100,000 warrants, i.e. 0.57% of the capital at 31/21/2011	N/A	85,000 warrants allocated. No exercise, therefore, no capital increase	15,000

Potential share capital

Under IAS 33, the potential capital is calculated by taking into account all the warrants, options and free shares granted, regardless of their vesting date. At 31 December 2012, this represented 18,720,624 shares. This total was calculated by adding together the capital at 31 December 2012 (17,659,715), shares that may be subscribed under warrants (139,464) and stock options (921,445).

Stock options

Following the authorization given by the shareholders' General Meeting of 31 May 2012 to the Board of Directors to award stock options:

- On 13 September 2012, the Board of Directors of BioAlliance Pharma adopted the framework for an Executive Stock Option plan and recorded the list of two beneficiaries who may receive, based on the achievement of the plan's performance conditions, a maximum of 110,000 BioAlliance Pharma shares;
- the Board of Directors at its meeting on 13 September 2012 also adopted the regulations for the Employee Share Plan and defined the list of the 49 beneficiaries who may receive, on the basis of the fulfillment of the conditions of performance of the plan, a maximum of 268,000 BioAlliance Pharma shares.

Details of the stock options plans as at 31 December 2012 are found in Note 16 of the consolidated financial report.

Warrants

On 13 September 2012, the Board of Directors also approved the framework of a share purchase warrant (*bon de souscription d'actions* or 'BSA') plan and recorded the list of independent directors who received 85,000 warrants in total.

Free shares

No free share plan was implemented in 2012.

Shares held by the Company (excluding liquidity contract)

At 31 December 2012, the Company held no treasury shares.

Implementation of the share buyback program

In accordance with the provisions of Article L. 225-211 of the French Commercial Code, we hereby specify the methods of implementation of the share buyback program during the past financial year.

During the 2012 financial year, the share buyback program was used exclusively within the scope of a liquidity contract aimed at market making on the secondary market, or to preserve the liquidity of the Company's shares, by an investment services provider. Under the regulations in force, and in particular the provisions of EU Regulation No. 2273/2003 of 22 December 2003, on 2 January 2007 the company concluded a liquidity contract with CM-CIC Securities complying with the code of ethics of the AMAFI (French financial markets' association), recognized by the French securities regulator, the AMF. This contract was still in force at the date of filing this 2012 reference document.

Since 8 October 2008, the sum allocated to the liquidity account is €400,000.

Under the share buyback program, the Company has, between the opening date and closing date of the past financial year, engaged in purchase and sale transactions on its own shares as follows:

- Number of shares purchased: 1,078,011 at an average price of €4.06 (weighted average calculated over the year);
- Number of shares sold: 1,088,208 at an average price of €4.08 (weighted average calculated over the year);
- Brokerage fees: €27,000 per annum.

At 31 December 2012, the Company held 5,283 treasury shares with a nominal value of €1,320.75 and a value of €25,147.08 as measured by the share purchase price.

	Number of shares purchased	**Number of shares sold**	**Average purchase price**	**Average sale price**	**Number of shares registered in the Company's name**	**Percentage of capital**
Outright buyback agreement	0	0	0	0	0	0
Liquidity contract						
January 2012	112,787	106,695	4.16	4.17	21,572	0.12
February 2012	145,552	158,972	4.68	4.67	8,152	0.04
March 2012	139,712	106,151	4.77	4.82	41,713	0.23
April 2012	87,738	89,584	3.99	3.94	39,867	0.22
May 2012	42,316	56,438	3.45	3.50	25,745	0.14
June 2012	39,617	46,243	3.34	3.41	19,119	0.10
July 2012	95,318	108,926	3.57	3.59	5,511	0.03
August 2012	95,735	72,489	3.92	3.94	28,757	0.16
September 2012.....	44,872	45,840	3.95	4.01	27,789	0.15
October 2012.....	116,592	123,099	4.12	4.11	21,282	0.12
November 2012.....	116,423	116,796	4.29	4.32	20,909	0.12
December 2012	41,349	56,975	4.54	4.57	5,283	0.02
Total	**1,078,011**	**1,088,208**	**4.06(1)**	**4.08 (1)**	**265,699**	

(1) (weighted average calculated over the year)

All purchases and sales made by the Company with respect to its shares since they were admitted for trading on a regulated market have been made within the scope of the liquidity contract in order to stabilize the share price.

Changes in the share capital of BioAlliance Pharma over the past five years

Date of final completion of the transaction or of recognition	Capital increase	Number of shares issued	Nominal amount of the capital increase/ reduction (€)	Issue premium (€)	Successive capital amounts (€)	Cumulative number of shares	Nominal value of shares
31/12/2007	Exercise of BSAs and BCEs	39,800	9,950	235,089	3,115,473.50	12,461,894	€0.25
30/06/2008	Exercise of BSAs and BCEs	434,940	108,735	959,042.70	3,224,208.50	12,896,834	€0.25
31/12/2009	Exercise of BSAs	1,500	375	4,050	3,224,583.50	12,898,334	€0.25
27/04/2010	Reserved capital increase	509,338	127,334.50	2,872,666.32	3,351,918	13,407,672	€0.25
25/08/2010	Vesting of free shares	120,900	30,225	-	3,382,143	13,528,572	€0.25
10/02/2011	Exercise of BSAs	7,500	1,875	20,250	3,384,018	13,536,072	€0.25
15/05/2011	Vesting of free shares	47,700	11,925	-	3,395,943	13,583,772	€0.25
01/08/2011	Capital increase with PSR maintained	3,395,943	848,985.75	15,791,134.95	4,244,928.75	16,979,715	€0.25
26/12/2011	Reserved capital increase	680,000	170,000	2,312,000	4,414,928.75	17,659,715	€0.25
04/02/2013	Reserved capital increase	250,000	62,500	1,242,500	4,477,428,75	17,909,715	€0.25
26/02/2013	Reserved capital increase	250,000	62,500	1,100,000	4,539,928,75	18,159,715	€0.25

Changes in shareholding over the past three years

	31/12/2012		31/12/2011		31/12/2010	
	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
Main shareholders	**4,441,986**	**25,12**	**5 377 196**	**30,45**	**3 977 451**	**29,39**
Groupe Financière de la Montagne	1,767,133	10.00	1,680 128	9.51	1,249,185	9.23
ING Belgium Group.....	1,076,175	6.09	1,076 175	6.09	1,128,550	8.34
Therabel Group.....	0	0	878,893	4.98	505,705	3.74
IDInvest Partners (AGF PE).....	986,798	5.58	835,749	4.73	742,889	5.49
Talence Gestion.....	172,978	0.97	467,349	2.65		
CDC Group.....	438,902	2.48	438,902	2.48	351,122	2.59
Other	**13,217,729**	**74.88**	**12,282,519**	**69.55**	**9,558621**	**65.52**
of which treasury shares.....	5,283	0.02	15,480	0.08	30,038	0.22
Total	**17,659,715**	**100**	**17,659,715**	**100**	**13,536,072**	**100**

Employee participation in the share capital

In accordance with Article L. 225-102 of the French Commercial Code, it should be noted that on 31 December 2012, Company employees did not have any share capital of the Company as part of any collective shareholding scheme.

Capital that may be subscribed by employees and executives and diluted capital

Plan designation	Beneficiaries	Adjusted (*) subscription price per share in euros	Expiry date	Number of shares outstanding at 31/12/1é	% dilution of share capital	% AGGREGATE
BSA-L1	Board of Directors and Scientific Committee	€2.86	17/12/13	6,189	0.03	0.77
BSA-L2		€2.33	05/04/14	8,275	0.04	
BSA-L3		€5.34	21/10/14	0	0	
BSA M		€3.80	21/09/2017	40,000	0.22	
BSA N		€3.92	13/09/2018	85 000	0,48	
SO 2010 Exec.	Executives	€5.53	25/08/20	10,308	0.06	1.87
SO 2011 Exec		€3.80	21/09/2021	210,000	1.19	
SO 2012 Exec.		€3.92	13/09/2022	110,000	0.62	
SO 2006(4)	Employees	€6.85	25/04/13	22,677	0.12	3.32
SO 2010 Emp. (1)		€5.53	25/08/20	88,254	0.50	
SO 2010 Emp. (2)		€5.47	16/12/20	16,706	0.09	
SO 2011 Emp. (1)		€3.80	21/09/2021	193,500	1.09	
SO 2011 Emp. (2)		€3.80	26/01/2022	4,000	0,02	
SO 2012 Emp. (1)		€3.92	13/09/2022	266,000	1,50	
TOTAL				**1,060,909**	**5.96**	**5.96**

**) After adjusting the number and issue price of BSA K and L and stock options between 2006-2010 inclusive following the capital increase in July 2011 in accordance with Article L.228 -99 of the French Commercial Code (Board of Directors meeting 28 July 2011).*

As of 31 December 2012:

- shares likely to be acquired by employees other than the two executive officers (by exercise of options) represent 3.32% of the Company's share capital and those likely to be acquired by the two executive officers represent 1.87% of the Company's share capital;

- the total shares likely to be subscribed comes to 5.96% of the share capital of the Company.

Diluted capital on 31 December 2012 integrated within equity on 31 December 2012 (17,659,715 shares) plus the number of shares which could be issued according to the share allocation plans giving access to the Company's capital (1,060,909), comes to a total of 18,720,624 shares, representing a potential dilution of 5.96%.

Identification of shareholders

The Company is entitled at any time to request, from the agent responsible for securities clearing, the identity of holders of securities giving immediate or future access to voting rights at its General Meetings, the number of shares held by each, and, where applicable, the restrictions to which the securities may be subject.

7.2.2.3 Additional information on the audit of financial statements

Audit of the financial statements

The statutory auditors of BioAlliance Pharma, in accordance with the legislation on commercial companies, are responsible for certifying the Company's financial statements. The statutory auditors are appointed by the General Meeting of shareholders.

Statutory Auditors

Grant Thornton

French member of Grant Thornton International
100 Rue de Courcelles
75017 Paris
Represented by Olivier Bochet, member of the Paris Institute of Statutory Auditors.

Grant Thornton was appointed when the Company was founded for a term of six (6) financial years. It was re-appointed at the annual General Meeting of 17 November 2004 to approve the financial statements for the year ended 30 June 2004, then again at the AGM of 22 April 2010 to approve the financial statements for the year ended 31 December 2009. This appointment expires after the AGM to approve the financial statements for the year ending 31 December 2015.

Ernst & Young Audit

Tour Ernst & Young, Faubourg de l'Arche,
Tour First,
1 /2 Place des Saisons
92400 Courbevoie, Paris-La Défense 1.
Represented by Béatrice Delaunay , member of the Versailles Institute of Statutory Auditors.

Ernst & Young was appointed by the annual General Meeting of 29 June 2011 for a term of six (6) financial years. This appointment expires at the close of the AGM to approve the financial statements for the period ending 31 December 2016.

Alternate auditors

IGEC, Institut de Gestion et d'Expertise Comptable
3 Rue Léon Jost
75017 Paris

IGEC was appointed by the annual General Meeting of 22 April 2010 for a term of six (6) financial years. This appointment expires at the close of the AGM to approve the financial statements for the year ending 31 December 2015.

Société Auditex SA
Tour First,
1 /2 Place des Saisons
92400 Courbevoie, Paris-La Défense 1.

Auditex SA was appointed by the annual General Meeting of 29 June 2011 for a term of six (6) financial years. This appointment expires at the close of the AGM to approve the financial statements for the year ending 31 December 2016.

The statutory auditors have not resigned and have not been terminated.

Fees paid to the statutory auditors and members of their networks
The table presenting the fees paid to the statutory auditors and members of their network and expensed by the Company between 1 January and 31 December 2012 is found in Note 19 to the consolidated financial statements.

7.2.3 Published information about the Company

Date (in reverse chronological order)	Type of information	Media used
15 April 2013	Sitavig® receives its Marketing Authorization for the United States for the treatment of Herpes Labialis	Company website - full, effective distribution
15 April 2013	BioAlliance Pharma reviews the major 2012 company developments and announces its consolidated 2012 financial statements and Q1 2013 income	Company website - full, effective distribution
12 March 2013	BioAlliance Pharma announces the continuation of the Loramyc® development plan in Japan by its partner Sosei Start of the pivotal Phase III registration	Company website - full, effective distribution
28 February 2013	BioAlliance Pharma signs a collaboration agreement with one of the world's vaccine leaders to develop a vaccine application for its patented mucoadhesive Lauriad® technology	Company website - full, effective distribution
26 February 2013	Issue of new shares (under a PACEO equity financing facility)	Company website - full, effective distribution
14 February 2013	BioAlliance Pharma announces the upcoming extension of its Clinical Phase II trial for Validive® in the United States	Company website - full, effective distribution
1er February 2013	Issue of new shares (under a PACEO equity financing facility)	Company website - full, effective distribution
25 January 2013	Setting up of a PACEO equity financing facility to support BioAlliance Pharma's growth projects	Company website - full, effective distribution
7 January 2013	BioAlliance Pharma announces the launch of Oravig® in the U.S. marketed by its new partner, Vestiq Pharmaceuticals	Company website - full, effective distribution
3 January 2013	BioAlliance Pharma obtains a COFACE export guarantee	Company website - full, effective distribution
19 December 2012	BioAlliance Pharma announces the approval of Sitavig® on a European level	Company website - full, effective distribution

Date (in reverse chronological order)	Type of information	Media used
6 December 2012	First meeting of the Expert Committee on the Relive trial and continuation without modification of the Clinical Phase III of Livatag® for primary liver cancer	Company website - full, effective distribution
14 November 2012	Quarterly Information to 30 September 2012. Dynamic progression of the product portfolios	Company website - full, effective distribution
18 October 2012	New agreement signed for the distribution of Loramyc® in Iran with the company Shafayab Gostar	Company website - full, effective distribution
1er October 2012	Presentation of Phase I results of the AMEP® biotherapy in the treatment of metastatic melanoma. ESMO 2012 (European Society for Medical Oncology)	Company website - full, effective distribution
24 September 2012	BioAlliance Pharma announces the signing of a partnership with Vestiq Pharmaceuticals to commercialize Oravig® in the US market	Company website - full, effective distribution
13 September 2012	Progress and results of the first half of 2012	Company website - full, effective distribution
26 July 2012	BioAlliance Pharma announces Patent issued for Sitavig ® in the United States	Company website - full, effective distribution
19 July 2012	BioAlliance Pharma announces a licensing agreement for Oravig® in the United States with Vestiq Pharmaceuticals	Company website - full, effective distribution
12 July 2012	BioAlliance Pharma extends and strengthens the protection of AMEP® with two patents in the United States	Company website - full, effective distribution
2 July 2012	Progress by the partner Sosei in the development of Loramyc® in Japan towards registration	Company website - full, effective distribution
18 June 2012	BioAlliance Pharma strengthens its development team with the arrival of Dr. Louis Kayitalire taking over the position of Director of Research and Development	Company website - full, effective distribution
13 June 2012	BioAlliance Pharma and Teva announce the first licensing agreement for Sitavig® in Israel	Company website - full, effective distribution
8 June 2012	Publication of voting rights	BALO No.69
8 June 2012	Financial statements released (companies and consolidated)	BALO No.69

Date (in reverse chronological order)	Type of information	Media used
31 May 2012	Combined General Meeting of BioAlliance Pharma: Approval of all resolutions and appointment of Thomas Hofstaetter as Independent Director	Company website - full, effective distribution
29 May 2012	Admissibility of the New Drug Application (NDA) for Sitavig® in the treatment of recurrent herpes labialis, approved by the FDA	Company website - full, effective distribution
14 May 2012	ReLive startup, Clinical Phase III trial of Livatag ® in primary liver cancer	Company website - full, effective distribution
14 May 2012	Publication of notice of meeting	BALO No.58
25 April 2012	Publication of the proposed earnings allocation	BALO No.50
25 April 2012	Prior notice to the Combined General meeting of 31 May 2012	BALO No.50
25 April 2012	Publication of notice of meeting	Petites Affiches
26 April 2012	BioAlliance Pharma Announces two new milestones in the development of its AMEP® biotherapy	Company website - full, effective distribution
25 April 2012	Publication of the 2011 Reference Document	Company website - full, effective distribution
17 April 2012	2011 Annual Accounts and 2012 first quarter income	Company website - full, effective distribution
16 April 2012	New advances in clinical development for clonidine Lauriad™: second drug in its Orphan Drugs in Oncology portfolio	Company website - full, effective distribution
20 March 2012	'Oncology: Tomorrow's Challenges' – Success of the symposium held by BioAlliance Pharma	Company website - full, effective distribution
1 February 2012	To provide a clearer picture of the company, its portfolio and its leaders, BioAlliance Pharma holds a symposium called 'Oncology: Tomorrow's Challenges'.	Company website - full, effective distribution
27 January 2012	Announcement of Dominique Costantini's resignation as director of the Company	Legal journal *Petites Affiches*
26 January 2012	2011 Balance Sheet and 2012 outlook: BioAlliance Pharma confirms its dynamic fundamentals	Company website - full, effective distribution
23 January 2012	BioAlliance Pharma announces new phases for its AMEP® biotherapy in metastatic melanoma	Company website - full, effective distribution
4 January 2012	BioAlliance Pharma: New advances in the collaboration with strategic European partner Therabel	Company website - full, effective distribution

8. STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby certify, having taken all reasonable measures to this effect, that the information contained in this document is, to the best of my knowledge, accurate and contains no omission likely to affect its import.

I certify that, to my knowledge, the financial statements are prepared in accordance with applicable accounting standards (IFRS as adopted by the EU for the consolidated financial statements and French GAAP for the parent company financial statements) and give a true and fair picture of the assets and liabilities, the financial position and the results of the Company and the undertakings included in consolidation, and that the management report presents a true picture of the changes in the business, the results and the financial position of the Company and the undertakings included in the consolidation, along with a description of principal risks and uncertainties they face.

We have received a letter from the statutory auditors prepared on the conclusion of their work, in which they state that they have audited the information about the financial position and financial statements provided in this reference document, and have read the entire reference document.

The historical financial data presented in this document has been audited and is the subject of reports by the statutory auditors which can be found on:

- page 153 for the report on the consolidated accounts
- page 187 for the general report on the annual accounts

These reports contain observations relating to the ongoing litigation with the companies Spepharm and Spebio, and with Eurofins.

It should be noted that the historical financial information for the fiscal years 2010 and 2009 is included in the document for reference purposes, and is the subject of reports by the statutory auditors, found respectively on:

- pages 149-186 of the reference document - 2011 annual report filed on 24 April 2012, which contains a comment concerning ongoing litigation with the Spepharm and Spebio companies, and with the company Eurofins;
- pages 105 and 134 of the reference document – 2010 annual report filed on 7 April 2011, which contains a comment concerning ongoing litigation with the Spepharm and Spebio companies, and with the company Eurofins;

16 April 2013,

Judith Greciet
Chief Executive Officer

Cross-reference table on information required in the annual financial report

To facilitate the reading of this document, the cross-reference table below helps the reader to identify in this reference document the information that constitutes the annual financial report that must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 22-3 of the AMF's General Regulations.

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CROSS-REFERENCE TABLE - REFERENCE DOCUMENTS

This cross-reference table shows, as regards each of the headings provided by Annex I of European Commission Regulation (EC) No 809/2004 of 29 April 2004, the numbers of the paragraphs(s) of this reference document in which is mentioned information related to each of the regulation's headings.

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	Informing and training employees about environmental protection	2.3.2.1
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	Amount of provisions and guarantees for environmental risks	2.3.2.1
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	Prevention, reduction or recovery of emissions into the air, water and ground which cause serious environmental damage	2.3.2.2
	Waste production prevention, recycling and waste disposal	2.3.2.2
	Noise pollution	N/A
	Other forms of pollution specific to a particular activity	2.3.2.2
	Sustainable exploitation of resources	
	Water consumption and supply in line with local constraints	N/A
	Consumption of raw materials and measures taken to improve their efficient utilization	N/A
	Consumption of energy and measures taken to improve energy efficiency and to increase the use of renewable energy	N/A
	Land use	N/A
	Climate change	N/A
	Greenhouse gas emissions	N/A
	Adapting to the consequences of climate change	N/A
	Protection of biodiversity	N/A
	Measures taken to limit effects on biological balances, natural environments, and protected animal and plant species	N/A
3	**Societal information**	**2.3.3**
	Local, economic and social impact of the company's activities	N/A
	Impact of activities on regional employment and development	N/A
	Impact of activities on neighboring or local populations	N/A
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GLOSSARY

TERM	DEFINITION
ANSM	French national agency for medicines and health products
MA	Marketing Authorization
Quality Assurance	Quality assurance is a concept that covers all that may individually or collectively influence the quality of a product. It represents all of the measures taken to ensure that products made available are of the quality required for the use for which they are intended. Best practices of sampling, transport, manufacturing and conservation are part of quality assurance.
GCP (Good Clinical Practices)	Good clinical practices are a set of measures ensuring the quality of clinical trials.
GMP (Good Manufacturing Practices)	Part of the assurance of pharmaceutical quality which ensures that drugs are manufactured and controlled in a consistent manner according to the quality standards appropriate to the intended use and in compliance with the specifications of these medications.
BSA	*Bons de Souscription* (French share purchase warrants).
CNRS	*Centre National de la Recherche Scientifique* (French national scientific research centre).
CRO	Contract Research Organization.
Toxicity Dose Limits (TDL)	Dose for a particular drug for which toxicity appears. This dose is used to define the therapeutic dose which will necessarily be lower.
DSMB	Data Safety and Monitoring Board. Committee of international experts meeting every six months or after the recruitment of the first 25 patients to the Relive study, to assess the patient tolerance data included in the study and recommend possible amendments to the protocol.
EMA	European Medicines Agency.
Clinical Trial	Any systematic study of a drug in humans, whether it be sick or healthy volunteers, in order to demonstrate or check the effects, to identify any adverse effect, study the absorption, distribution, metabolism, the extraction to establish the efficacy and the safety of the medicinal product in question.
Pharmacokinetic Study	Pharmacokinetic parameters studied in different compartments (blood, tissue).
Pharmacodynamic Study	Study of effective doses and the duration of therapeutic efficacy.
Randomized study	Study in which selected patients are distributed randomly between the different groups studied.
Pivotal study	Clinical study for the registration of a drug.
Adverse Event	Any harmful noxious and unintended event experienced by a person participating in a clinical trial, considered or not to be related to the test drug(s) and whatever the cause of this event.

TERM	DEFINITION
Serious Adverse Events	A serious adverse event is an adverse event that would have contributed to a death, or which could put the person's life in danger causing disability or incapacity, or which causes or prolongs hospitalization.
FDA	Food and Drug Administration
HCC	Hepatocellular Carcinoma
ICH	International Conference of Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.
IFRS	International Financial Reporting Standards – International accounting standards as adopted by the European community.
IND	Investigational New Drug – Request to start a clinical trial with the FDA for innovative new medicines.
INSERM	French national institute of health and medical research
Investigator(s)	Natural person(s) who conduct(s) and monitor(s) the clinical trial and is (are) responsible for the protection, health and well-being of trial participants; The investigator is a qualified physician with relevant experience. When a trial is assigned to several investigators, a coordinating investigator is appointed by the sponsor.
In vivo	Work done on the body of the patient or animal.
ISO 9000 (9001, 9002, 9003)	Quality system: A system designed to ensure quality in design, development, production, installation, and related services.
Batch	Defined amount of a raw material, a packaging article or a product manufactured in a process or a series of operations, such that it can be considered to be homogeneous.
Drug	A drug is any substance or composition presented as having curative or preventive properties against human diseases, as well as any product that may be administered to humans with a view to making a medical diagnosis or to restore, correct or modify their organic functions.
MDR	Multi Drug Resistance gene – encoding transmembrane proteins rejecting products or drugs outside the cells.
Observance	Patient adherence to treatment (good therapeutic monitoring).
PCT	Patent Cooperation Treaty. The PCT is an international treaty providing for standardized filing procedures for obtaining foreign patents in the signatory countries.
Pharmacodynamic study	The study of a drug’s effective dosage and length of therapeutic efficacy.
Pharmacokinetic study	The study of a drug’s kinetic parameters (uptake and clearance) in various compartments (the bloodstream, tissues).
Phase I	This phase corresponds to the initial clinical trials. It must evaluate drug tolerance in a small number of (usually healthy) volunteer subjects and enable initial studies on administration of the drug in the human body.
Phase II	This phase is divided into two sub-phases. Phase II-A, which aims to study the effects of the drug on a small number of volunteers (mostly healthy) and complete the pharmacokinetic studies. Phase II-B evaluates the tolerance (side effects) and efficacy of the drug on a limited number of patients and determines the dosage.

TERM	DEFINITION
Phase III	This phase aims to confirm and complement the results on efficacy and tolerance of the drug on a sufficient number of patients. This phase must also allow for the study of adverse effects and evaluate the safety/efficacy balance vis-à-vis a reference treatment.
Phase IV	This phase corresponds to the tests performed after the MA involving a very large number of patients. Its purpose is to refine knowledge of the drug and its side effects, dosage adjustments for special situations, and to evaluate the treatment strategy.
Sponsor	Natural or legal person who initiates a clinical trial and who assumes responsibility for its launch and management.
Protocol	Document describing the trial's rationale, goals, methodology and statistical methods, and which specifies the terms and conditions under which the trial must be conducted and managed.
Randomized trial	A trial in which selected patients are randomly distributed among various groups under study.
Risk / benefit ratio	Relationship between the expected benefits of a drug and the potential risks.
Biomedical Research	Tests or experiments organized and practiced on human beings for the development of biological or medical knowledge.
Monitoring the immune response	Set of techniques for monitoring the induction and kinetics of the immune response. In the case of immunotherapy, monitoring of T cell responses (mediated by T lymphocytes) is particularly relevant.
SO	Stock option.
Traceability	All the information and measures taken to monitor and rapidly retrace each stage of a process.
Validation	The establishment of proof that the implementation or use of any process, procedure, equipment, raw material, activity, or system actually enables the realization of planned outcomes and set specifications.