Public Limited Company with share capital of EUR 5,170,748.00
Registered office 49, boulevard du général Martial Valin – 75015 Paris
410 910 095 RCS Paris

2013 REFERENCE DOCUMENT

CONTAINING

THE ANNUAL FINANCIAL REPORT

The French version of the Reference Document (Document de Référence) was filed with the *Autorité des Marchés Financiers* on April 7, 2014 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 from the website of the Autorité des Marchés Financiers: www.amf-france.org.

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This reference document includes the annual financial report for the 2013 financial year, the components of which are listed on page 201 of this document.

1. OVERVIEW OF BIOALLIANCE PHARMA

1.1. Profile

1.1.1 A unique business model

A Company dedicated to orphan oncology products with a focus on drug resistance targeting, BioAlliance Pharma conceives and develops innovative products for orphan or rare diseases.

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 has fifty two employees with the key expertise required to identify, develop and register drugs in Europe and the United States.

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

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

The Company's growth strategy is primarily driven by the development of its advanced products for orphan oncology diseases - 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. Two strategic programs are already at an advanced stage of their development (Phase II and Phase III) and represent major therapeutic advances in their field.

In the medium to long term, the Company could market directly these high value-added products with a strong profitability profile in order to benefit from the full profit margin generated.

Furthermore, BioAlliance Pharma has successfully developed and registered two initial drugs in Europe and the United States based on its innovative mucoadhesive technology, Lauriad®. This technology makes it possible to improve the efficacy and tolerance profile of an active ingredient for the chosen indication.

These drugs have the potential to be marketed by international partners, mainly via licensing agreements which will provide Bioalliance Pharma with revenue in the short and medium term, contributing towards the funding of development projects.

1.1.2 Competitive advantages

The Company currently has strong competitive advantages:

- Advanced strategic programs in severe orphan oncology diseases, the foundation of its growth strategy;
- Two technological platforms based on targeting and fighting drug resistance:
  - The mucoadhesive platform Lauriad®, with two products developed and registered and one product in the preclinical phase;
  - The nanoparticulate platform Transdrug™ with a product in Phase III of its clinical development;
- Drug development and registration expertise in Europe and the United States;
- Scientific expertise on Oncology, Hepatology and in the field of Nanomedicine;
- Strong business development capabilities with established international commercial partnerships which have already earned the Company more than fifty-five million euros since 2007;
- A strong portfolio of patents and registered trademarks offering long-term protection for all the products developed by the Company.

Advanced strategic programs in severe orphan pathologies in oncology, the foundation of the Company's growth strategy

BioAlliance Pharma's growth strategy is based on the development of its orphan drugs in oncology. They target severe pathologies for which very few therapeutic alternatives exist and therefore meet an especially high medical need. Positioned in markets of several hundred million euros, they represent for the Company strong drivers of internal growth in the short and medium term.

Two clinical trials are currently at an advanced stage: Livatag® (Doxorubicine Transdrug™), in Phase III in the treatment of primary liver cancer and Validive® (Clonidine Lauriad®), in Phase II in the treatment and prevention of radio/chemotherapy induced oral mucositis in patients suffering from head and neck cancer.

ORPHAN ONCOLOGY PRODUCTS

Product/Indication	Discovery	Preclinical	Phase I	Phase II	Phase III	Registration	Market
Livatag® Primary liver cancer	→	→	→	→	→		
Validive® Oral mucositis	→	→	→	→			
AMEP®/Synfoldin Metastatic melanoma	→	→					

Two technological platforms based on targeting and fighting drug resistance

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

BioAlliance Pharma has also developed unique expertise in mucosal targeting with its Lauriad® technology based on oral mucosal targeting. 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, a preclinical program with a product using Lauriad® technology is also underway for vaccination via mucosal delivery: Fluriad®.

Genuine developmental expertise confirmed by the registration of two drugs in Europe and the United States

The expertise and know-how of the BioAlliance Pharma teams in the areas of development and registration are also key factors for the Company. It has successfully completed all the development and registration stages in Europe and the United States for two products, Loramyc®/Oravig® and Sitavig®.

These products are based on BioAlliance Pharma's innovative proprietary technology, Lauriad®: Loramyc®/Oravig®, indicated for the treatment of oropharyngeal candidiasis, and Sitavig®, indicated for the treatment of recurrent herpes labialis. Enjoying significant commercial potential, they are to be marketed via international partnership agreements.

Detailed information on these two products can be found in Chapter 4.2 of this Reference Document.

A strong portfolio of 251 patents and patent applications and 201 trademarks and trademark applications, offering long-term protection for all the 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 2013, BioAlliance Pharma's patent portfolio included 15 families of published patents and licenses, including 251 patent applications and patents on innovative technologies and products. Over 80% of the portfolio consists of issued patents (a total of 198).

Significant capabilities in business development and established international sales agreements for the first two products registered in Europe and the United States, providing sources of income

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)
- In Asia (Licensing agreements): Handok (Korea, Taiwan, Singapore, Malaysia and the Philippines, SciClone (China) and Sosei (Japan)
- Shafayab Gostar (Iran - Distribution contract)

For Sitavig®:

- Abic Marketing Limited, a subsidiary of the Teva Pharmaceutical Industries Limited group (Israel - licensing agreement)
- Innocutis Holding LLC (United States - Licensing agreement)
- Daewoong Pharmaceutical Co. Ltd (South Korea – Licensing agreement)

This marketing strategy for the registered drugs implemented through licensing agreements enables the Company to generate significant revenue. These contracts have been structured to include upfront payments and additional milestone payments and significant royalties on sales of products. Accordingly, Loramyc® has earned more than €55 million for BioAlliance Pharma since 2007.

Additional detailed information is available on page 37 of this Reference Document.

1.2. Management and supervisory bodies

1.2.1 Board of Directors

Patrick Langlois
Chairman of the Board of Directors and independent director

Judith Greciet
Chief Executive Officer

Independent directors:
Russell Greig
Danièle Guyot-Caparros
Thomas Hofstaetter
David H. Solomon

Directors representing shareholders:
Financière de la Montagne, represented by Nicolas Trebouta
Kurma Life Sciences Partners, represented by Rémi Droller

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 managed in a coherent 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 Jean-Pierre Colle, 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 Beatrice 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 2012 and 31 December 2013.

	December 31, 2013	December 31, 2012
Net sales	**1 467**	**4,028**
of which non-recurring sales related to licensing agreements	*530*	*3,010*
Operating expenses	- 16 909	-15,559
of which recurring cash operating expenses (1)	*- 16 410*	*-14,800*
of which non-recurring cash operating expenses (1)	*0*	*0*
of which non-cash operating expenses (1)	*- 499*	*-760*
Operating income/(loss)	**- 15 437**	**-11,515**
Financial income	117	-33
Net income/(loss)	**- 15 320**	**-11,548**
Earnings per share	- 0,74	-0.65
Balance Sheet		
Cash	**11 329**	**14,503**
Other current assets	5 114	6,077
Non-current assets	1 300	1,540
Shareholders' equity	7 438	11,742
Payables	10 305	10,378
Cash		
Cash flow	- 15 148	-10,672
Changes in working capital	1 056	-3,409
Net cash generated from operating activities	- 14 092	-14,082
Net cash used in investing activities	- 43	-63
Net cash used in financing activities	- 10 912	-5
Change in cash and cash equivalents	**- 3 174**	**-14,163**
(1) Cash and non-cash operating expenses are not accounting measurements as defined by IFRS		

Notes on the key figures are found in Chapter 3 of this Reference Document.

2. GROUP ACTIVITY IN 2013

This chapter is extracted from the BioAlliance Pharma Management Report of February 25, 2014 and has been completed with significant events occurred after this date.

2.1 Significant events in 2013

2.1.1 Group companies

The Group includes BioAlliance Pharma SA and its three subsidiaries:

- Laboratoires BioAlliance Pharma SAS, a wholly-owned operating subsidiary governed under French law;
- SpeBio BV, a joint venture under Dutch law, 50% owned, dormant in 2013;
- BioAlliance Pharma Switzerland SA, a subsidiary under Swiss law, wholly-owned, dormant in 2013.

2.1.2 Business developments and significant events during the financial year

2013 has seen decisive progress in terms of the growth of BioAlliance Pharma with major advances by the two key assets of the orphan products in the oncology portfolio, Livatag® and Validive®. These two products enjoy significant market potential and will generate the major share of value creation over the coming years. The Company has also successfully registered Sitavig® in the United States making this product, after Loramyc®/Oravig®, the second to be registered by the Company in this key market within the space of three years, thereby demonstrating the unique expertise of the research and development teams.

The significant events during 2013 are as follows:

- **Pursuit of the "ReLive" Phase III trial with Livatag®** (Doxorubicine Transdrug™), in the treatment of the primary liver cancer, with a very high rate of patient recruitment in over twenty centers across France. Authorization from the regulatory authorities to conduct the trial in the United States and in 7 other countries in Europe. Confirmation at this stage of the product's good tolerance profile by the Committee of Independent Experts responsible for monitoring tolerance.

- **Active pursuit of the Phase II trial with Validive®** (Clonidine Lauriad®), in the treatment of severe oral mucositis, in the United States and Europe. The Company anticipates recruitment of the final patient in Q2 2014 and announcement of preliminary results during the second half of the year.

- **Registration of Sitavig® in the United States by the Food and Drug Administration** for the treatment of recurrent herpes labialis.

- **Successful capital increase of 8.4 million euros**, oversubscribed by 155%, notably earmarked to complete the Phase II study with Validive®.

A. Strong growth of the orphan oncology products portfolio

Livatag® (doxorubicine Transdrug™): strong progress in the Phase III clinical trial in the primary liver cancer

Livatag® is a nanoparticle formulated treatment studied in patients with advanced hepatocellular carcinoma. This pathology, also called primary liver cancer, is an aggressive and resistant cancer and the third second cause of mortality through cancer worldwide, for which there are few alternative therapies and accordingly represents a significant medical need.

The international randomized Phase III trial is designed to demonstrate the efficacy of Livatag® on the survival rate of nearly 400 patients suffering from hepatocellular carcinoma after failure to respond or intolerance to sorafenib. Some twenty centers have been opened in France. The roll-out in Europe of the trial in 2013 took in 7 other countries (Germany, Spain, Italy, Russia, Hungary, Austria and Belgium). Having reviewed the development plan for Livatag®, in December 2013 the FDA gave its approval to conduct the trial in the United States.

As of the date of this report, over 100 patients have been recruited. The extension of the trial in the United States and Europe should enable recruitment to be accelerated in 2014. Recruitment is anticipated to have been completed in 2015 with preliminary results in 2016.

A committee of independent European experts (Data Safety and Monitoring Board, DSMB), chaired by Professor Michel Beaugrand, is monitoring the trial. Such committees are usually set up for pivotal Phase III clinical trials in order to ensure patient safety and the integrity of the study process and to recommend any protocol amendments. Since the effective commencement of the trial, the independent committee of experts has met on three occasions and has unanimously recommended continuation of the trial without amendment.

In early 2014, the issue of a new family of patents protecting the specific administration protocol of Livatag® strengthens and extends the protection of the product until 2031, during which period no generic product may be marketed.

Livatag® has been granted the status of orphan drug in Europe and the United States, enabling the product's development plan to be optimized in terms of cost and duration and also to strengthen its protection (market exclusivity). The product's sales potential is estimated at 800 million euros worldwide.

Validive® (clonidine Lauriad®): international Phase II clinical trial in the prevention and treatment of severe oral mucositis

Validive® (clonidine Lauriad®) is a treatment based on the Lauriad® mucoadhesive technology designed to prevent and treat severe oral mucositis, an inflammation of the mucous membrane frequently affecting patients suffering from a head and neck cancer treated with radiotherapy and chemotherapy.

The international double-blind placebo-controlled Phase II trial is underway in Europe and the United States. As of the date of this report, nearly 95% of the patients planned for the trial have been recruited. Recruitment is due to be completed in the first half of 2014 and results are expected during the second half of the year.

In January 2014, Validive® received "fast-track" status from the Food and Drug Administration (FDA) enabling accelerated continuous review by the US agency in recognition of the severity of the treated pathology and the major need for suitable treatments.

In September 2013, a European and American Committee of Experts, recognized internationally in the field of oral mucositis, oral medicine, oncology and radiotherapy, was set up to focus on oral mucositis and the associated clinical developments based around Validive®. Its purpose is to offer its expertise and recommendations regarding the development strategy for Validive® and its medical positioning in oral mucositis.

Validive® has been granted the status of orphan drug in Europe, enabling the product's development plan to be optimized in terms of cost and duration and also to strengthen its protection (market exclusivity). The product's sales potential is estimated between 200 and 400 million euros worldwide.

B. Sitavig®, second product registered in Europe and the United States

Sitavig® (acyclovir Lauriad®), second product developed by the Company using Lauriad® technology, is designed to treat recurrent herpes labialis.

In Europe, BioAlliance Pharma has obtained registration of Sitavig® in eight countries as of the end of 2012 (Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway and Poland). In the United States, the Company received marketing authorization from the Food and Drug Administration (FDA) in April 2013, thereby providing access for the drug to world's largest market. After Loramyc®/Oravig®, Sitavig® is the second product developed by BioAlliance Pharma to have been successfully registered in Europe and the United States, demonstrating the expertise and know-how of the R&D teams. Since this success, the Company has mobilized its business development resources in order to find a suitable partner for the commercialization of the product in this key market as quickly as possible.

C. International partnerships

Within the context of the licensing contract signed in May 2011 with its partner Sosei for Loramyc® in Japan, in March 2013 BioAlliance Pharma announced the start of the Loramyc® Phase III clinical trial in the treatment of oropharyngeal candidiasis.

In the United States, the Vestiq Pharmaceuticals marketing teams began promoting the product with American prescribing physicians at the beginning of January 2013. After one year of marketing, the sales performance of Oravig® was not meeting the expectations. Consequently, BioAlliance Pharma announced on April 1st, 2014 its decision to regain full U.S. commercialization rights for Oravig® as well as the New Drug Application. The Company is today in advanced discussions with potential partners for the acquisition or for a licensing agreement of the product.

Beginning of 2014, BioAlliance Pharma has signed two license agreements for the commercialization of Sitavig® for the treatment of recurrent herpes labialis : with Innocutis Holding LLC for North America (announced on March 19, 2014) and with Daewoong Pharma for South Korea (announced on April 2, 2014).

D. Funding of the Company and new collaborative projects

Capital increases

In July 2013, the Company successfully completed a capital increase with maintenance of the preferential subscription right, notably with a view to funding the international clinical development of Validive® and Livatag®. This financing operation received the support of the Company's two largest shareholders, Financière de la Montagne and Idinvest, who committed to subscribing to up to 63% of the total operation amount, namely 5 million euros. The net amount realized was 8.4 million euros after exercise of the extension clause in its entirety, the operation being oversubscribed at 155%. A total of 2,496,960 new shares were created, increasing equity from €4,539,928.75 to €5,164,168.75.Following the capital increase, the equity holdings of Financière de la Montagne and Idinvest stand at 13.6% and 5.2% respectively.

At the end of January 2013, the Company agreed a PACEO® equity financing facility with Société Générale to provide periodic support for the acceleration of its development projects. This flexible tool enables the bank to subscribe, at the request of BioAlliance Pharma, to successive capital increases by maximum tranches of 400,000 shares over a 24-month period, up to a maximum of 1,765,000 shares (i.e. 9.9% of share capital at the end of 2012), the new shares also being intended for sale on the market. In 2013, BioAlliance Pharma made two single drawdowns totaling 500,000 shares, with net proceeds of 2.2 million euros.

Grants

On 3 July 2013, BioAlliance Pharma announced that it had obtained funding from bpifrance of nearly €9m, of which €4.3m was granted directly under the ISI (Industrial Strategic Innovation) scheme, enabling it to accelerate the industrial development of Livatag®. This funding supports the establishment of the NICE (Nano Innovation for Cancer) consortium, the objective of which is to establish the first nanomedicine sector in France, notably focusing on the characterization and industrialization of specific nanomedicine manufacturing processes. BioAlliance Pharma is the lead member of the consortium which includes 5 partner companies possessing unique know-how in the field of nanomedicine. Livatag®, doxorubicine nanoparticulate in Phase III in the treatment of primary liver cancer, will fully benefit from this expertise and the funding platform provided by bpifrance will enable its development to be accelerated, especially in manufacturing terms.

E. Governance

Changes on the Board of Directors.

Following the expiry and non-renewal of the terms of office of Catherine Dunand and Michel Arié following the General Meeting of 26 June 2013, the Meeting also approved the appointment of two new independent directors: Danièle Guyot-Caparros and Russell Greig, the latter having already been a permanent guest member of the board since 17 July 2012. The number of independent directors therefore remains at five among a total of eight directors.

Additional information on the Board of Directors is available in Chapter 5 of this Reference Document.

2.2 Foreseeable developments and future prospects

The Company continues its strategy of value creation based on the development of therapeutic innovations for severe and rare diseases, notably in oncology, 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 strategy of partnership agreements, with a view to contributing to the funding of its R&D investments.

Accordingly, the Company expects the following to provide the main impetus for growth in 2014:

- Continued clinical development of its two most advanced orphan oncology products:
- Livatag® (doxorubicine Transdrug™): intensification of Phase III in the treatment of the primary liver cancer, with extension in Europe and the United States;
- Validive® (clonidine Lauriad®): continuation and completion of Phase II in the prevention and treatment of severe oral mucositis, with recruitment of the final patient anticipated in Q2 2014 and results in the second half of 2014.

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 2013, up to the publication of this report.

Main investments for the future; future funding policy

The Company's main investments concern research and development expenditure. Given the level of cash available at the end of 2013, the Company could turn to the market to finance its growth. The Company is analysing which funding solutions are the most appropriate for the dynamic implementation of its programs.

Significant events occurred since December 31, 2013

- Fast-track status granted to Validive® by the Food and Drug Administration (FDA) in the prevention and treatment of oral mucositis induced by radiotherapy and/or chemotherapy in patients undergoing cancer treatment. This status recognizes that Validive® is a drug developed for a severe pathology with a high mortality rate for which there exists great medical need. It will make interaction with the FDA significantly easier and make it possible to optimize the evaluation schedule from development right up to registration.
- Granting of a European patent strengthening and extending the protection of Livatag® in the treatment of the primary liver cancer for a further 12 years (until 2031), which potentially represents very significant additional sales proceeds for the drug.
- Marketing authorization received for Sitavig® in two major European countries, namely France and Germany.
- License agreement signed with the American company Innocutis Holding LLD for the commercialization of Sitavig® in North America for the treatment of recurrent herpes labialis.

- Supply and license agreement for Sitavig® with Daewoong Pharmaceutical Co., Ltd. for commercialization rights in South Korea. Moreover, Daewoong will be in charge of registering the product in South Korea.
- Signing of a contract by the Japanese partner Sosei and Fujifilm Pharma with a view to the future marketing of Loramyc® (in the treatment of oropharyngeal candidiasis) in Japan once marketing authorization has been given.
- In the United States, the Vestiq Pharmaceuticals marketing teams began promoting Oravig® with American prescribing physicians at the beginning of January 2013. After one year of marketing, the sales performance of Oravig® was not meeting the expectations. Consequently, BioAlliance Pharma announced on April 1st, 2014, regain of full U.S. commercialization rights for Oravig® as well as the New Drug Application. The Company is already in advanced discussions with potential partners for the acquisition or for a licensing agreement of the product.

2.3 Social and environmental information

The information related to the awareness of the social, environmental and societal impact of the company's activities (the "Social and Environmental Responsibility Report") are presented below in accordance with the provisions of Article L. 225-102-1, R. 225-104 and R. 225-105 of the French Commercial Code.

This information has been established based on internal contributions from the Human Resources Department and Quality Department, and coordinated by the executive management. The list of indicators was defined in accordance with the French ministerial decree relating to SER matters.

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:

- Labor: employment, organization of work, industrial relations, health & safety and training
- Society: relations with stakeholders
- Environment: 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 gas emissions and adaptation 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 tests carried out the two products registered, Loramyc® and Sitavig®, were not considered to represent a risk to the environment following its use on patients.
- Sustainable use of resources, energy consumption, and measures taken to improve energy efficiency, the use of renewable energy, consumption of water and supply of water according to local constraints: with product manufacture being outsourced, the Group does not have production facilities; impact in such areas associated with the two R&D laboratories and the offices is therefore limited.
- Land use: the Group's activities do not have any specific impact on land use issues.

- Visual and noise impact on the environment: this impact is limited as BioAlliance Pharma's activities do not generate any visual or acoustic disturbance. 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 collated is the calendar year 2013. Data for the year 2012 is also included to provide an overview of the trends in the Group's activities.

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 Labor information

A. 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 employee development, notably by providing access to training;
- For promoting a culture of managerial excellence.

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

At BioAlliance Pharma, the management of employees and/or of key expertises, especially in the Research and Development area, is fully part of the Human Resource policy. It is conducted in relation with the direct managers and is based daily on 3 axes: training, remuneration and management. This allows the Company to recognize its employees' value, to fill their motivation for work and deployment of their skills in order to involve them in the Company's development. BioAlliance Pharma thus succeeds in retaining its collaborators whose average seniority is of 5.8 years, a significant duration with regards to the Company's date of creation. In the R&D Department, more than a half of them have even more than 10 years seniority.

b) Total company workforce at 31 December 2013

The total full-time equivalent is 50.6 employed (46.6 permanent, 4 fixed-term and 0 apprentices). This includes 42.8 executives, 7.8 non-executives. BioAlliance Pharma's subsidiaries do not have any employees.

Employee breakdown by gender, age and geographical area

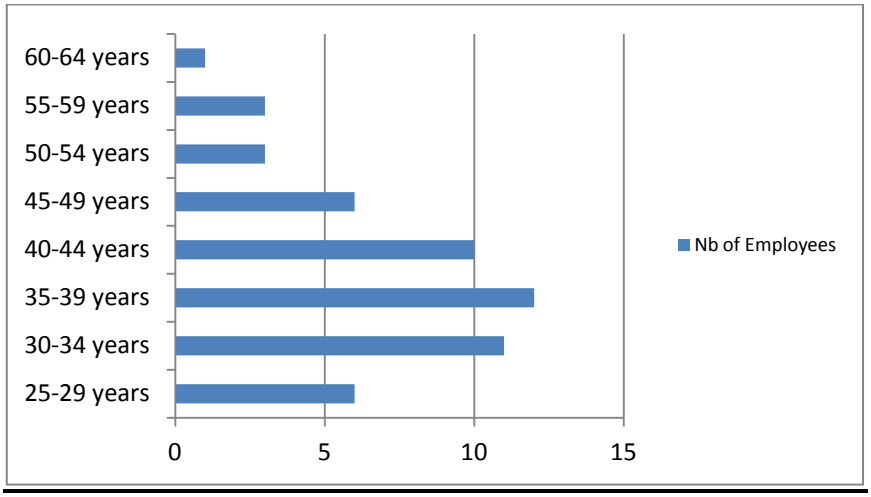
At 31/12/2013, the average age was 39.63 (39.5 for women, 39.93 for men).

2. GROUP ACTIVITY IN 2013

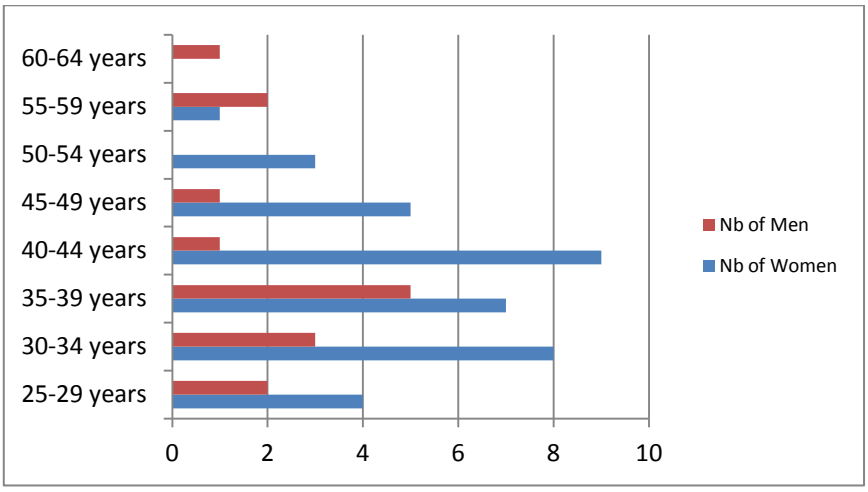
The table below details the distribution within the Group between men and women as of 31 December 2013 by category:

	Women	Men	*Total*
Executives	31	13	*44*
Non-executive	6	2	*8*
Total	*37*	*15*	*52*
	Women	Men	*Total*
Fixed term	3	1	*4*
Permanent	34	14	*48*
Total	37	15	*52*

Breakdown by age (both men and women) at 31/12/2013



Breakdown by age and sex at 31/12/2013



100% of employees are based in France.

c) Movements in personnel during the financial year ended on 31 December 2013

At Company level:

- New recruits: 8 employees including 4 permanent and 4 fixed-term.
- Departures: 10 employees including 4 resignation, 2 fixed-terms completed (including 1 early departure), 1 by mutual agreement and 3 dismissals.

The Company's payroll fell by 16.6% during 2012. (See note 11.2 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 euros	2,184,869 euros
2012	850,136 euros	1,890,648 euros

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

d) Company remuneration policy

The BioAlliance Pharma remuneration policy is based on 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 Group employees' base salary who are employed on full-time contracts and, permanent and registered as of 1 February 2014:

STATUS	Average individual increases in 2012	Average individual increases in 2013
Executive	3.71%	3.95%
Non-executive	2.75%	4.90%

All Company employees' salaries were benchmarked in 2011. This benchmark revealed that wages at BioAlliance Pharma were broadly in line with the market. Periodic checks are made when required for certain salaries or when new employees are hired. The objective is to verify the suitability of salaries offered on joining the Company in terms of their consistency with the rest of the team and vice versa.

In 2012 a similar proportion of wage increases were awarded to male and female employees. In 2013, salary increases for women were slightly higher than for men. The average salary increase for women was 4.29%, while the figure stood at 3.18% for men.

All employees on permanent 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, in its fifteenth resolution, the

General Meeting on 26 June 2013 authorized the Board of Directors to allocate a maximum of 283,000 share subscription options to all employees, each granting a right to one share. During the financial year 2013, the Board of Directors made employee allocations of 195,500 options to 41 beneficiaries. The allocations may be exercised over a period of 4 years with up to 25% available each year on completion of each year following the date of allocation, and at the latest within 10 years of the allocation being made by the Board. The exercise of the options is also subject to performance conditions which are assessed one year after allocation.

No allocations of share subscription options were made to executive managers during 2013.

B. Organization of working time 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.

4 employees work on an 80% part-time basis (as of 31/12/2013).

The company makes use of agency staff during peak business periods or as temporary replacements.

b) Absenteeism

The main reasons for absenteeism for the year 2012 and 2013 were sickness and maternity.

The table below indicates the number of days of absence recorded according to the type and duration of the absence during 2012 and 2013:

Year 2013	Q1	Q2	Q3	Q4	Total
Sick 1 day	6	5	2	3	**16**
Sick for 2 to 3 days	12	7	5	2	**26**
More than 3 days sick	36	43	29	10	**118**
Total	**54**	**55**	**36**	**15**	**160**
Maternity leave	63	55	13	92	**223**
Leave > or = 1 month	31	152	62	0	**245**
Occupational accident	0	0	0	2	**2**
Part time therapeutic	0	0	0	0	**0**
Declaration on honor	7	3.5	0	0	**10.5**
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**

C. Industrial relations

a) Professional relations and collective agreements

Social dialog is conducted by management with the staff representatives. Employee Delegate and Works Council monthly meetings were held during the year ended 31 December 2013.

b) Staff representatives

The *Délégation Unique du Personnel* (single personnel representative body), renewed in 2012, consists in 2013 of: 2 executive grade representatives and 1 non-executive grade representative.

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 as 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 dialog on subjects relating to the Company and its employees.

c) Principle agreements

The main collective bargaining agreements in force within the UES (Economic and Social Unit) formed between BioAlliance Pharma and BioAlliance Pharma Laboratories are as follows:

- The Reorganization and Reduction of Working Hours Agreement dated 11 July 2007 (agreement superseding the agreement of 28 February 2002);
- A company code of conduct with regard to the system for employee inventors, concluded on 17 March 2006 and updated on 26 February 2013 to encourage innovation, the Company's core business;
- 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 company-level agreement of 11 July 2007 with regard to the employee provident and healthcare scheme.

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 Commercial Code, this report is presented to the Board of Directors on 15 April 2014.

D. Health and safety

a) Occupational Health and Safety (OH&S)

BioAlliance Pharma Group activities include office work and pharmaceutical product research and development. These activities generate general risks applicable to all companies (fire, electrical, business travel, etc.) and specific risks associated with R&D. All such risks are assessed, managed and controlled by the OH&S system implemented by BioAlliance Pharma as presented below.

b) Health & Safety Department: presentation and objectives

To ensure the health and safety (H&S) of its employees, BioAlliance Pharma has established a Health and Safety Department which ensures the prevention of occupational risks and the implementation of H&S measures. It is responsible for the prevention and management of the risks inherent to the Company's activities.

c) 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 and decision-making and planning activities;
- All H&S incidents and issues are reported and assessed so that they are accompanied by corrective and/or preventive action;
- The Company promotes a policy of continuous improvement in H&S matters.

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

d) H&S performance: summary of 2013 H&S activities

The main activities carried out in 2013 in the area of H&S concerned:

- Updating of BioAlliance Pharma's *Document Unique* professional risk assessment document, in accordance with the French ministerial decree dated 5 November 2001. Audits and regulatory controls of electrical installations and fire extinguishers in accordance with applicable standards and regulations. These audits resulted in the issuance of Q18 and Q4 certifications.
- Training: Personnel training is important in terms of risk prevention and is designed to meet general safety requirements. New employees are systematically given H&S training.
  For staff working in laboratories, this H&S training is complemented with general laboratory and chemical risk prevention training, especially biological, carcinogen, mutagen, reprotoxic and equipment training.
  In addition to new employee training, H&S training sessions are dispensed by the H&S Department. The objective of these sessions is to highlight the risks and dangers of laboratory work.

  Finally, the H&S Department also conducts employee information and awareness initiatives.

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 €16,200 in 2013.

e) 2014 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 2014 include:

- Completion of the *Document Unique 2014* and the implementation of associated action plans
- Carrying out of internal H&S audits
- H&S training sessions
- Regulatory audits and inspections
- H&S monitoring, particularly regulatory H&S watch
- Fire safety exercises

The 2013 annual report on health, safety and working conditions and the 2014 annual H&S program are presented to the members of the CHSCT (health and safety committee) in accordance with Article L4612 of the French Labor Code. On 25 February 2014, members of the CHSCT unanimously issued a favourable opinion on the report and the program.

f) Summary of H&S agreements signed with staff representatives

The updated version of BioAlliance Pharma's internal regulations was presented by senior management to the CHSCT on 18 December 2013 for approval of measures related to health, safety and working conditions at the Company. CHSCT members gave their approval prior to the

establishment of internal regulations in 2014 following validation by the Works Council and the completion of submission and notification formalities.

g) Occupational illnesses and work accidents

The frequency and seriousness rate in 2012 were both 0. No work accidents occurred in 2012.

In 2013, the frequency rate was 11.92 and the seriousness level was 0.02 due to a travel accident (sprain) giving rise to 2 days' sick leave.

Irrespective of the cause, work accidents are defined as those caused by or during work to any salaried staff or those working for whatever purpose and at any location for one or more employers or company managers. A work accident is also defined as 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 usually stay 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 2012 and 2013 was 0. Occupational illness is the result of person's exposure to a risk at their work station.

E. 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. There are two distinct categories: training programs to develop 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 2013, the focus was placed on the following three areas:

- Updating and acquisition of the technical know-how required to successfully complete the Company's projects;
- Development of management techniques and practices;
- Improvement to employees' level of English for those operating in an international environment.

In 2013, the Company therefore spent €85,327 on ongoing vocational training, nearly 2.25% of its payroll. This represents an investment in training of €1,673 per trained employee (FTE). A major cost optimization exercise was conducted in 2013 without reducing the overall amount of training compared with previous years.

During the year ended 31 December 2013, 1,567 hours were devoted to technical training (41 employees trained). No training time was spent within the context of DIF statutory training entitlement.

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

Type/area of training	2012	2013
Management	15,447	27,950
Job skills/technical training	68,387	37,080
Language training	11,040	11,233
Effectiveness and personal development	5,960	9065
TOTAL	100,834	85,327

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

- In 2013: 1.567 hours
- In 2012: 1,820 hours

F. Equality of treatment

a) Measures taken in support of equality between the sexes

BioAlliance Pharma is a decidedly feminized Company - 71.15% women against 28.85% men on 31 December 2013 - 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 where the trend is reversed: 29% women against 71% men.

A strong majority of women executives in key positions

- 83.78% of women at BioAlliance Pharma have executive status;
- Several key positions at BioAlliance Pharma are occupied by women:
  - Chief Executive Officer
  - Preclinical R&D Director
  - Clinical Development Director
  - Corporate Business Development Director
  - Regulatory Affairs Director
- New employees 2012/2013:
  In 2012, 2 out of the 3 executives hired were women (Executive Assistant and Clinical Trials Coordinator).
  In 2013, 6 executive grade employees were hired, including 3 women (Regulatory Affairs Director, Legal Manager and R&D 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 2012, for example, the following employees have benefited from such measures:
  - Clinical Development Director (promotion/ change of post)
  - Clinical Department Assistant (promotion/ change of post and of scope of responsibilities)

b) Professional inclusion of disabled persons

In 2012 and 2013, 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.

Analysis was carried out at the end of 2013 in order to establish a disability action plan and to place certain organizations working to promote professional inclusion of the disabled on our list of approved suppliers for certain equipment and services. The action plan was implemented in 2014.

G. Fundamental ILO conventions

The company strives to ensure that it complies with applicable regulations and is not aware of any particular issues in this area.

2.3.2 Environmental information

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

The Company and the Group operate as a responsible corporate citizen that seeks to minimize potential negative impacts of its activity on the environment and respects the main principles aimed at ensuring the protection of human health and the environment.

A. General policy

R&D activities are strictly supervised to ensure that there are no hazardous aqueous or gaseous emissions from dangerous products (see section B on 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 IPCE installations classified for the purposes of environmental protection.

Currently, the company has not commenced any certification process.

a) Training & information regarding environmental protection:

The training of each new arrival incorporates environmental awareness. This awareness is focused on the management of waste paper and saving energy.

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

b) Resources dedicated to the prevention of environmental risks and pollution

Resources dedicated in 2013 to the prevention of environmental risks and pollution affecting R&D activities:

- Air treatment unit: 15,800 Euros
- Waste management by ad hoc providers: 8,700 Euros

c) Provisions and guarantees for environmental risks

There were no provisions or guarantees related to the environment.

B. Pollution and waste management

a) Measures to reduce and prevent air, water and soil emissions

Gas emissions

BioAlliance Pharma's facilities meet the recommendations issued by the INRS (national institute for research and safety) concerning emission control.

The R&D laboratory is equipped with an air treatment unit. Laboratory air is extracted only after having been processed by suitable filters including HEPA (High Efficiency Particulate Air).

Contamination generated at workstations is confined and the air extracted at such locations is filtered at a level that is in compliance with recommendations and guidelines.

Technical testing and maintenance procedures ensure the reliability of the systems in place.

Specific training for the different workstations and established procedures are also sufficient to ensure good operating conditions and avoid emissions into the environment.

Aqueous emissions

No aqueous effluent of dangerous products is released into the environment by BioAlliance Pharma: all dangerous liquid products (waste and unused products) are managed and treated by approved contractors.

b) Recycling and waste disposal prevention measures

Data on waste tonnage produced is not consolidated due to the 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.

c) Waste disposal (special pollutants)

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

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 being entrusted to specialist contractors in the treatment of chemical and biological waste.

2.3.3 Corporate information

A. 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 Investors heading, in French and English, and on request from BioAlliance Pharma. Anyone who so wishes may receive these documents directly (annual report, corporate brochure, press releases) from the e-mail address contact@bioalliancepharma.com.

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 fund managers and financial analysts in order to explain the company's challenges, products, plans and results.

In 2013, BioAlliance Pharma also held nearly 150 individual meetings with institutional investors, the majority in France and the United States.

b) Sponsorship

Currently the company does not pursue any sponsorship activities.

B. Outsourcing

BioAlliance Pharma focuses its activity and human resources on its know-how in respect of the development and registration of innovative drugs. To this end, it contracts out operational management of its 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 to date, notably in Europe and the United States, have therefore largely been carried out using contractors to set up and monitor the investigation centers. 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. This phase is generally initiated only when the products have proven their effectiveness. The Company uses qualified contractors to carry out such scale changes and to finalize production processes.

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 prior to contract signature and are also a contractual requirement at key stages (production, delivery, etc. of outsourced products).

C. 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, whether purchase, sale (notably free allocation of shares) and stock options, are regulated.

BioAlliance Pharma has introduced a Code of Ethics in line with recommendation no. 2010-07 dated 3 November 2010 issued by the AMF, the French financial markets authority, and in accordance with the Middlenext guide *Gestion de l'information privilégiée et prevention 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.

This code, freely available on the Company's website, www.bioalliancepharma.com, applies:

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

b) Managing 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.

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 Chapter 4.1.2 of the Reference Document.

d) Protection of human rights

The company strives to ensure that it complies with applicable regulations and is not aware of any particular issues in this area.

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 2012 Reference Document filed with the AMF on 18 April 2013, under number D.13-0376

- Chapter 3 "Management Report and Financial Position" of the 2011 Reference Document filed with the AMF on 24 April 2012, under number D.12-0393

3.1 Financial results

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

The BioAlliance Pharma annual financial statements that we are submitting for your approval have been prepared in accordance with the rules of presentation and the assessment methods prescribed by the regulations in force.

Review of financial statements and results

For the financial year ended 31 December 2013, the Company achieved net sales amounting to €644,000 against €911,000 for the year ended 31 December 2012. The sales mainly consist of Loramyc®/Oravig® finished product sales under license and intra-group services. Net sales in 2012 included initial sales to the partner company Vestiq in order to enable it to supply the US distribution networks prior to product launch.

Other proceeds totalled €954,000 versus €3,549,000 for the financial year 2012, where the latter figure included €2,600,000 of non-recurrent payments associated with sales achieved in 2012 by partner companies under license and immediately recognized in the accounts as proceeds for the financial year. 1 million Euros received from Therabel and 1.6 million Euros received from Vestiq Pharmaceuticals.

As in 2012, the Company has continued to recognize as other proceeds a share of the payments received from the signing of other partnership agreements (agreements in Asia with Sosei and NovaMed), with a positive impact on 2013 proceeds of €530,000, as well as royalties from sales made by licensed partners.

Operating expenses for the past financial year stood at €19,813,000 against €17,576,000 in 2012. This increase is directly associated with higher research and development costs for Validive® and Livatag®.

Operating expenses recognized in 2013 mainly reflect the following elements:

- R&D expenditure reflecting preclinical, clinical and industrial development programs for the product portfolio: €9,979,000

- Other external charges including various fees and various general and administrative expenses: €9,834,000

The operating result produces a loss of €16,489,000 against a loss of €13,013,000 for the financial year 2012.

Financial income/expenses showed a loss of €1,067,000, mainly from an intra-group financial provision, against a profit of €693,000 for 2012.

The current pre-tax losses amount to €17,555,000 against a loss of €12,321,000 for 2012.

With exceptional income of €558,000 and exceptional expenses of €414,000, net financial income shows a profit of €144,000.

After recognition of a tax credit of €2,389,000 (research tax credit), net income/(loss) for the financial year shows a loss of €15,022,000 against a loss of €10,418,000 in 2012.

Allocation of net income

The loss for the year amounting to €15,022,174.78 has been allocated in full to the "losses carried forward" account, which will thus increase from €109,880,929.54 to €124,903,104.32.

In accordance with the provisions of Article 243 bis of the General Tax Code, no dividend was distributed during the three preceding financial years.

Non-deductible expenses

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

Furthermore, no overheads as per Articles 39-5 and 223 quinquies 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 (page 167) 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

During the financial year, the Company did not invest in any company whose registered office is in France, in accordance with the provisions of Article L 233-6 of the Commercial Code

Statement related to payment periods

The payment terms for the Company’s suppliers for the past two financial years are presented in the table below, in accordance with the provisions of Article L.441-6-1 of the French Commercial Code.

	12/31/2013		12/31/2012	
Balance of payables	4,112,405		3,332,479	
Provisions for the write-down of non-recoverable amounts	2,718,029		1,956,744	
Accounts payable	1,394,376	100%	1,375,735	100%
- Invoices due	918,886	66%	515,707	37%
of which intra-group	*24,077*	*2%*	*23,956*	*2%*
- Invoices payable within 15 days	401,284	29%	613,592	45%
- Invoices payable between 15 and 30 days	74,207	5%	246,435	18%
of which intra-group	-	*0%*	-	*0%*

The increase in the amount of due invoices is explained by the delay of the transfer of late December 2013 until early January 2014. After adjustment, the percentage of due invoices is not significant and most invoices are payable in under 15 days.

3.1.2 Presentation of Group consolidated accounts

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

The consolidated accounts show net sales of €1,467,000 against €4,028,000 in 2012, with the latter figure including €2.6 million of non-recurrent payments associated with sales achieved in 2012 by partner companies under license and immediately recognized in the accounts as proceeds for the financial year. 1 million Euros received from Therabel and 1.6 million Euros received from Vestiq Pharmaceuticals. Operating expenses stand at €16,909,000 against €15,559,000 recognized in 2012, a direct consequence of higher R&D expenditure for the Validive® and Livatag® programs. Net income showed a loss of €15,320,000 against a loss of €11,548,000 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 €1,522,000, 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 €14,999,000.
- The Group's three subsidiaries have limited or marginal activity and their contribution to consolidated results is a loss of €50,000.

The main impact associated with the adjustment of Group accounts according to IFRS standards is an expense of €300,000 associated with the recognition of share warrants and options allocated during the financial year.

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 strategic portfolio of "orphan oncology drugs" should generate strong medium/long term growth and high profitability that could allow the Company 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 of these products or for earlier stages.

For their part, the two registered products Loramyc®/Oravig® and Sitavig® are intended to be the subject of licensing agreements with internationally-based partners. Agreements for Loramyc®/Oravig® have enabled BioAlliance Pharma to receive almost €56 million since 2007, providing self-funding for a portion of its R&D investments, notably for the "orphan oncology products" portfolio.

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

Most BioAlliance Pharma revenues in 2013, as in previous years, consists of income from licensing agreements signed for Loramyc®. The Group has a positive cash position of €11.3 million as of the end of the year and has taken on no financial debt, with the exception of repayable public grants detailed in Note 8.4 of Consolidated accounts.

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)
2009	9,007
2010	8,563
2011	7,899
2012	9,258
2013	9,979

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 contra-indications.

The development of the Company's products requires ever broader trials, which therefore become ever more costly as they progress. Consequently, a product progressing through the various stages of clinical development will require an increasing amount of resources as it nears commercialization. The clinical trials conducted to date, in Europe and the United States in

particular, were conducted using internal resources, through partnerships with public research institutes and also, to a great extent, through subcontracting.

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. 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, is likely to support specific investments.

Working capital

Under the impact of deferred revenues (€1.1 million end of 2013 against €1.4 million end of 2012), accounts receivables and current liabilities representing the Group's operating expenses, consolidated working capital stood at a negative of €2.2 million at 31 December 2013 against a negative €1.1 million at 31 December 2012.

New licensing agreements that the Company will sign on its products over the coming years and the increase in trade receivables commensurate with the growth of partners' sales will influence the development of working capital.

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 2013, total fixed assets represented a net value of €1 million.

In order to prevent its financial resources 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. From 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 benefits from public grants and advances.

Funds raised - Equity contributions

The Company carried out an IPO in December 2005 on compartment C of Euronext Paris, raising €30 million on this occasion. Between 2007 and 2013, the Company has raised additional funds (through capital increases with preferential subscription rights maintained, private placement reserved for qualified investors or PACEO® equity financing facility) totalling €65 million. The capital increases from which the Company benefits through the conversion of the warrants issued or partnership agreements are added to this amount.

Research tax credit

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

Between 1999 and 2013, the total amount declared under the research tax credit scheme was €15.3 million broken down as follows:

In million Euros	Before 2009	2009	2010	2011	2012	2013	**TOTAL**
CIR declared	6,540	1,829	1,456	1,121	1,979	2,389	**15,314**

In accordance with legal provisions, the Company expects to receive the 2013 CIR reimbursement of €2,389,000 during 2014.

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 bpi France (ex-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 reimbursed by the Company.

Between 1999 and 2013, the amount of grants and reimbursable advances obtained by the Company broke down as follows:

In million Euros	Total obtained	Total granted	Total reimbursed
Grants	3244	1845	
Reimbursable advances	10 905	2 843	660

In order to finance the industrial development of Livatag®, the Company has set up a pioneer consortium in the development of nanomedecine called NICE (Nano-Innovation in CancEr). This consortium includes 3 other innovative companies (Nanobiotix, CEA-Leti and DBI) and an academic-excellence team, the Institut Galien Paris-Sud. In July 2013, this consortium has received €9 million in funding from bpi France of which €4.3 million allocated to BioAlliance Pharma. These funds will be awarded over several years in the form of grants and reimbursable advances.

4. FROM RESEARCH TO DEVELOPMENT

4.1 R&D

4.1.1 Principles and Organization

General overview

Today, the Company has fifty two salaried employees with a high level of expertise, of whom more than 50% are in R&D, responsible for running various activities linked to research, development, quality assurance, registration and industrial protection, as well as strategic marketing, market research, corporate development and support services (finance and human resources).

Research and Development is at the core of BioAlliance Pharma's business activity. For Research & Development (preclinical, clinical and regulatory) and Production activities, the Company uses internal resources, partnerships with public research institutes and specialist sub-contractors.

BioAlliance Pharma has laboratories at two sites (the Faculty of Pharmacy in Chatenay-Malabry and the Company's headquarters in Paris). Its R&D employees primarily work at the Company's headquarters, but also in university laboratories with which the Company works in the Paris region (Institut Gustave Roussy, Chatenay-Malabry, Paris XI).

4.1.2 Regulatory Framework

Legislative and regulatory provisions defined by the ANSM (National Drug Safety Agency) in France, the European Commission, EMA (European Medicines Agency) in Europe, the FDA (Food and Drug Administration) and equivalent regulatory authorities in other countries provide a framework for research and development activities, preclinical and clinical studies, regulation of pharmaceutical establishments and drug manufacture and marketing. Regulation applicable to the main regions in which the Company operates is based on procedures defined by the ICH (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use).

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 Marketing Authorization (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, and preclinical and clinical studies.

Broadly outlined, the development of a new drug involves five 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 exploitation of patented products or technologies.

Clinical trials

Clinical trials on humans are typically conducted in three phases: Phase I, Phase II and Phase III, generally sequential, and which may also overlap.

Phase I: Phase I consists of administering the product, usually 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: In 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 to obtain a more precise tolerance profile.

Phase III: The Phase III trial is conducted with a larger patient group suffering from the targeted disease in order to compare the study treatment with the reference treatment with a view to generating sufficient data to be able to demonstrate the efficacy and tolerance required by the regulatory authorities and to ensure the product is used in optimum 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 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, especially when the disease makes it inappropriate to conduct Phase-I studies on healthy volunteers.

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.

Moreover, these trials must adhere to strict regulatory standards and follow Good Clinical Practice (GCP) defined by EMA, the FDA and the ICH, as well as the ethical standards defined by the Declaration of Helsinki[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 from an ethics committee such as the *Comite 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, authorization requests to conduct a clinical trial (Investigational New Drug, or IND), notably including a preclinical dossier of the product and the clinical protocol for the planned trial, must be submitted to the FDA. In the absence of an objection being received from the FDA within 30 days of receipt of the IND, authorization to begin the clinical trial is deemed to have been granted. At any time during this 30-day period or subsequently, the FDA may call for the planned

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

or ongoing clinical trial to be halted. This temporary interruption is maintained until the FDA receives a response to its request for further information. At the same time, approval from an ethics committee (in the United States: Institutional Review Board, or IRB) of the clinical protocol is also required to begin a clinical trial.

Marketing authorizations

In order to be marketed, all drugs require a Marketing Authorization issued by the competent national or supranational health authority (ANSM, EMA, FDA, etc.) which assesses the product in accordance with scientific criteria regarding quality, safety and efficacy.

The MA application consists of medical data about the new product, notably toxicity, dosage, quality, efficacy and safety. The quality of this information is assured by carefully supervised preclinical and clinical studies. The size and nature of such 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 are an expensive process that may take several years.

Within the European Union, MA applications are made either to the regulatory authority of a European Union member state (the Reference State), in order to be recognized in other member states of the European Union by means of the mutual recognition procedure or decentralized in other member states, or, for certain products, directly to EMA within the context of a decentralized procedure. The centralized procedure involves an application, a review and a single authorization to market a particular drug in all European Union Member States.

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 by the social security system. Drug prices are negotiated with the *Comite Economique des Produits de Sante* (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. 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 facility.

In the United States, the FDA is responsible for inspecting the sites of production of the company's products in order to ensure that they comply with standards of Good Manufacturing Practice (GMP) 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 substantial 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 products in the field of orphan diseases in oncology. 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 a preclinical program based on Lauriad® technology for mucosal delivery via vaccination. At the time of filing of this Reference Document, the portfolio consists of the following main products:

Products in clinical Phase I II or III

- Livatag® (doxorubicine Transdrug™) for the treatment of advanced primary liver cancer: Phase III trial underway, initiated in June 2012;
- Validive® (clonidine Lauriad®) for the prevention and treatment of severe oral mucositis induced by associated radiotherapy or chemotherapy in patients suffering from head and neck cancer: Phase II clinical trial ongoiong.

Preclinical phase products

- Amep®/Synfoldin;
- Fluriad® (Biologics Lauriad®).

Registered products

- Loramyc®/Oravig® (miconazole Lauriad®), for the treatment of oropharyngeal candidiasis, marketed in France, Germany, Italy, the Unites States and registered in twenty-three countries (Europe, Korea, United States);
- Sitavig® (acyclovir Lauriad®), for the treatment of recurrent labial herpes, registered in the United States and ten countries in Europe (France, Germany, Sweden, UK, Spain, Italy, Denmark, Finland, Norway and Poland).

Each of these products is presented in detail in Chapter 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 2013, BioAlliance Pharma's patent portfolio consists of 15 published patent families concerning innovative products or technologies. The 15 patent families include 251 patents and patent applications, including 198 issued patents - i.e., nearly 80% of the portfolio - that 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 risk from generic drug competition 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 twenty years from its earliest filing date in any given jurisdiction, typically the date of submission of the international patent application. This protection may be adjusted or extended in certain territories, including the United States and Europe, depending on the applicable law. The protection conferred can vary from one country to the next depending on the examination procedure and granted patent claims 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.

BioAlliance has developed an intellectual property portfolio consisting of both issued patents and pending applications. All approved products are protected by issued patents in the key jurisdictions of the U.S. and/or EU, and all products that are marketed or that are undergoing clinical development, if not already protected by issued patents, are the subjects of pending patent applications. The "patent portfolio" presented below outlines these protections and their expiration dates.

BioAlliance Pharma has also granted marketing rights ("Out-licensing") on its product Loramyc®/Oravig®, described in Section 4.2.2 of this reference document.

"Patent portfolio" of issued patents and pending patent applications for products that are marketed or undergoing clinical development

Products	Main therapeutic areas	Protections	Expiration date (as adjusted)
Lauriad® technology: prolonged release oral mucoadhesive tablets			
Loramyc®/ Oravig®	Oropharyngeal candidiasis	i) Lauriad® technology ii) Treating buccal candidiasis	3Q 2022
Sitavig®	Prevention and treatment of oral herpes.	i) Sitavig® Process	4Q 2027
		ii) Single dose application of Sitavig® for herpes treatment	4Q 2029 (US) or 4Q 2030 (non-US)
Validive®	Treatment of mucositis	Clonidine in the treatment of mucosal inflammation (including mucositis)	3Q 2029 (expected)
Transdrug™ Technology: nanoparticle technology			
Livatag®	Treatment of primary liver cancer	i) Livatag® Nanoparticles	1Q 2019
		ii) New administration route of Livatag® Nanoparticles	1Q 2032

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, Australia, New-Zealand, South Korea
Validive®	Clonidine Lauriad®	United States, Europe, Japan, China, Canada
Livatag®	Doxorubicin Transdrug™	United States, Europe, France, Japan, Canada

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

A Company dedicated to orphan pharma products in oncology with a focus on drug resistance targeting, BioAlliance Pharma conceives and develops innovative products for orphan or rare diseases. The Company has also developed and registered two initial drugs based on its innovative Lauriad® mucoadhesive technology which allow it to raise the efficacy and tolerance profile of an active ingredient for its chosen indication.

According to IMS Health data, the global drugs market reached 962 billion dollars in 2012, very slightly down on 2011 (-0.3%) due to the negative effect of dollar exchange rates. The one trillion dollar mark should be passed in 2014.

Anticancer treatments remain the main global market with a turnover of 61.6 billion dollars in 2012, with 5.1% growth. In its study entitled "The Global Use of Medicines: Outlook Through 2017", IMS Health gives a range of projected anticancer sales of between 91 and 104 billion dollars.

4.2.1 Orphan Oncology Products

In Europe, the orphan status is obtained for a medicine used in a pathology affecting less than 5/10,000 people, namely 250,000 people in the EU-28. This status allows favourable 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 favourable 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 diseases, 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 (2012 data), liver cancer is the 6th most common cancer in terms of incidence (782,000 new cases in the world, 5.6% of all new cancer cases) with the 2nd highest mortality rate (746,000 deaths, 9.1% of the total) after lung cancer.

It is the most aggressive form of cancer - alongside that of the pancreas - with a mortality rate of 95% (relationship between mortality and incidence for a given year).

While Europe (UE28) and the United States total 82,000 new cases per year (10% of the global figure), it can be said that liver cancer is a public health issue that particularly affects less developed countries (648,000 new cases) and especially Asia, including China, which alone accounts for half of cases worldwide.

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 rate of liver cancer varies greatly from one geographical area to the next: while the average global rate is 11.1/100,000, it is close to 30/100,000 in the Far East (China, Japan, Korea). In the West, the incidence rate lies at the global average: 10.2/100,000 in the European Union, 9.6/100,000 in the United States.

The 5-year survival rate remains extremely low, even in the medically most advanced countries such as the United States, where it lies at 16% overall but only 10% for those diagnosed at an advanced stage (regional invasion) and 3% for full-blown metastasis (report Facts & Figures 2014 by the American Cancer Society).

c)Competition

Existing forms of treatment

The only curative treatment for HCC is surgery: 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.

Radiofrequency is an alternative to surgical resection: thermal destruction of the tumor (by electrical current) but this technique is restricted to tumors not normally exceeding 3cm and in limited number (less than 3).

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

- Arterial chemoembolization: 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 by 4-6 months in certain categories of patients. This is associated with complications that lengthen hospital stays in over 30% of patients;
- Sorafenib (Nexavar®, Onyx / Bayer), a product derived from biotechnology active on multiple kinase targets (including RAF kinase, VEGFR Kinases), is indicated for the treatment of HCC (as well as renal cancer). It prolongs survival by approximately 3 months compared to the placebo in patients with compensated cirrhosis who cannot receive any other form of treatment;
- Systemic (intravenous) chemotherapy has limited efficacy due to chemoresistance and systemic toxicity. It is seldom used nowadays;

The problems involved with the treatment of HCC and the associated high mortality rate are attributable to various factors, especially associated, 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 by the influence of the multi-resistance gene 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 veritable “pumps” 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.

Competing products under development (advanced-stage HCC)

Phase III		Phase II	
First line	*Second line*	*First line*	*Second line*
Lenvatinib (Eisai) Brivanib (BMS) Sutent® (sunitinib, Pfizer) Linifanib (Abbott)	Livatag® (doxorubicin Transdrug®, BioAlliance Pharma) Stivarga® (regorafenib, Bayer) Ramucirumab (Eli Lilly) Tivantinib (ArQule, Daiichi Sankyo) Cabozantinib (Exelis) ADI-PEG 20 (Polaris Group) Muparfostat (Medigen Biotechnology) Brivanib (BMS) Afinitor® (everolimus, Novartis)	Dovitinib (Novartis) Trebananib (Amgen) Tigatuzumab (Daiichi Sankyo) Refametinib (Bayer) Selumetinib (AZ)	Belinostat (Topotarget) Resminostat (4SC) Inlyta® (axitinib, Pfizer) GC33 (Chugai) Ceditarabin (AZ) Paclociclib (Onyx, Amgen) SGI110 (Astex Pharma) Galunisertib (Eli Lilly) G202 (Genspera) Tasquinimod (Ipsen, Activ Biotech) JX-594 (Jennerex)

In red: products whose clinical development program for the indication has been stopped

d) Livatag® (doxorubicin Transdrug™)

Livatag® (doxorubicin Transdrug™), the flagship program 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 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 chemoembolization. The endpoints concerned efficacy and tolerance, with efficacy being judged by the absence of progression at three months and survival.

On 16 July 2008, BioAlliance Pharma announced the suspension of this trial, in accordance with the opinion of the independent safety committee, the Drug Safety Monitoring Board (DSMB), which had been monitoring the progress of this trial. The committee observed a clinical benefit but also acute pulmonary intolerance of unexpected frequency and gravity. It therefore recommended the suspension of the trial.

In accordance with the decisions of the DSMB, the Company has continued follow-up of patients included in this trial during 2009, 2010 and 2011, 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 chemoembolization). 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, an independent European experts committee (the Data Safety Monitoring Board) was set up to continuously monitor safety in patients included in the ReLive study, as set out in the protocol. This committee met in November 2012 and then in May and October of 2013 to review the tolerance data of patients included in the study and subsequent to each meeting gave the green light for the trial to continue without modification.

The geographical roll-out of ReLive continued during 2013 with authorization to conduct the Phase III clinical trial in the United States (IND, Investigational New Drug), granted by the Food and Drug Administration (FDA), and in a number of countries in Europe (Germany, Spain, Italy, Hungary, Austria and Belgium) by the national health authorities.

As of the date of this report, over 100 patients have been included in the study; recruitment is scheduled to have been completed in 2015, with results expected in 2016.

In early 2014, the European Patents Office granted a new family of patents for Livatag®, protecting its specific administration protocol. This initial patent grant should be followed by many others as the patent application is currently being examined in twenty other countries worldwide (notably in the United States, Asia and Latin America). This second family of patents significantly strengthens and extends protection for Livatag® until 2031, until which time no generic drug may be commercialized.

Finally, it should be noted that last year BioAlliance Pharma obtained funding from bpifrance of nearly €9m, of which €4.3m was granted directly to the Company under the ISI (Industrial Strategic Innovation) scheme, enabling it to accelerate the industrial development of Livatag®. This funding supports the establishment of the NICE (Nano Innovation for Cancer) consortium, the objective of which is to establish the first nanomedicine sector in France, notably focusing on the characterization and industrialization of specific nanomedicine manufacturing processes. This consortium has also been accredited by the *pôle de compétitivité mondial* (global competitiveness cluster), Medicen Paris Region, dedicated to innovation in health.

Consisting of 5 partners (public and private) and led by BioAlliance Pharma as lead company, the NICE consortium brings together companies which each possesses unique know-how in the field of nanomedicine. Its mission is to build a platform for accelerating the development and industrialization of nanomedicine in France by exploiting each partner's high-level expertise.
Livatag®, doxorubicin nanoparticulate currently in Phase III in the treatment of primary liver cancer, will fully benefit from this expertise and the funding platform provided by bpifrance will enable its development to be accelerated, especially in manufacturing terms.

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

a) Pathology

Oral mucositis consists of 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.

The consequences of mucositis are severe pain, difficulty ingesting solids and even liquids, which may require parenteral or enteral feeding, weight loss and altered general state, and 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.

Estimation of target population:

The incidence of head and neck cancers is 686,000 cases worldwide and 155,000 cases in Europe and the United States (Globocan 2012). As patients diagnosed at an advanced stage (≈ 60%) are generally treated by both surgery and radiotherapy, and that patients treated at an earlier stage generally benefit from one or other of the treatments, the Company estimates the current target population in Europe and the United States at around 115,000 people.

This is a minimum estimate which could be revised depending on the ultimate definition of the indication and the possible inclusion of patients at risk of oral mucositis caused by chemotherapy (and not only radiotherapy).

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 over 50% of patients treated with radiotherapy with or without chemotherapy for head and neck cancer, 75% to 80% of patients receiving high doses of chemotherapy associated with the transplantation of hematopoietic cells, and 20% of patients with solid tumors treated by chemotherapy suffered from severe oral mucositis.

c) Competition

Existing forms of treatment

There is currently no effective treatment for oral mucositis in these different situations. 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 symptomatological 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 oral hygiene, food supplements, liquid feeding, catheter or intravenous feeding, and the treatment of xerostomia, infections 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

Phase III	**Phase II**
Kepivance (Amgen)	AG013 (ActoGenix NV), to be applied to the oral cavity Clazakizumab (Alder Biopharm) CR-3294 (Rottapharma Madaus) H0/03/09 (HealOr Ltd), bain de bouche IZN-6N4 (Izum Pharma Corp), mouth wash LP-004-09 (Laila Pharmaceuticals Ltd), oral gel P-276 (Piramal Enterprises) Samital (Indena) SGX942 (Soligenix Inc)

d) Validive®

The company is developing Validive® (clonidine Lauriad®) for the treatment of severe oral mucositis induced by radiotherapy or chemotherapy in patients suffering from head and neck cancer. This is a new therapeutic application of clonidine, which the company has patented, based on the mucoadhesive technology Lauriad®.

Clonidine stimulates the alpha-2 adrenergic receptors traditionally used to treat high blood pressure. It stimulates these receptors in the brain. 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 the pro-inflammatory genes and the resulting release of cytokines IL6, IL1 β and TNFα and due to the release of TGF β.

In December 2009, the Company received the go-ahead from ANSM for its Phase II clinical trial on clonidine Lauriad® for post-chemotherapy and radiotherapy mucositis. Patient recruitment commenced in April 2010 in France, Germany and Spain and then in 2013 in Hungary, Switzerland and the United States.

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

In September 2013, a European and American Committee of Experts, recognized internationally in the field of oral mucositis, oral medicine, oncology and radiotherapy, was set up to focus on oral mucositis and Validive® and the associated clinical development program. Its purpose is to offer its expertise and recommendations regarding the development strategy for Validive® and its medical positioning in oral mucositis.

As of the date of this report, nearly 95% of the patients planned for the trial have been recruited. Recruitment is scheduled to be completed during the second quarter of 2014 and results are expected during the second quarter of the same year.

In January 2013, the FDA granted fast-track status to Validive®. This status is designed to promote interaction with the FDA and to optimize evaluation deadlines for drugs developed for severe pathologies or those with a high mortality rate and for which there exists great medical need.

4.2.1.3 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.

The incidence of melanoma is estimated at 232,000 cases worldwide in 2012, namely a rate of 3.3 cases for every 100,000 people. The European Union (83,000 new cases, a rate of 16.3/100,000) and the United States (69,000 new cases, a rate of 21.9/100,000) account for two-thirds of cases.

Very high incidence rates are observed in Australia and New Zealand (53.8/100,000) and in Northern European countries (23.2 on average with peaks of over 30 in Sweden and Norway), which demonstrates that exposure to the sun and the phototype (skin type) are proven risk factors.

Still for 2012, mortality is estimated at 55,000 cases worldwide, of which 10,000 in the United States and 16,000 in Europe. In this area, the lethality rate (relationship between mortality and incidence) is quite low: 19% as against 48% for all cancers. It is even lower in the United States at 15%. This therefore reflects a fairly favorable prognosis, which itself is explained by typically early diagnosis. US data (SEER) shows that 84% of melanomas are diagnosed at the local stage, when the tumor can be surgically removed, with a good prognosis (98% survival after 5 years).

However, for patients diagnosed at the metastatic phase, or those approaching this stage, the 5-year survival rate is just 16%.

b) Competition

Existing forms of treatment

Since the arrival on the market in 2011 of ipilimumab (Yervoy®) from BMS and of vemurafenib (Zelboraf®) from Roche, the therapeutic arsenal against metastatic melanoma was enhanced in 2013 by two new targeted treatments from GSK: dabrafenib (Tafinlar®) and trametinib (Mekinist®). As with vemurafenib, these two molecules are only suitable for patients with a mutation of the BRAF gene.

In 2012, Erivedge® (vismodegib), a hedgehog pathway inhibitor, was approved for the treatment of locally advanced or metastatic basal cell carcinoma.

These recent therapeutic advances therefore reinforce the therapeutic range which up until then had been very limited with interleukin 2 (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):

Phase III
Abraxane® (nanoparticules of paclitaxel linked to albumin, Abraxis / Celgene)
astuprotimut-R (or MAGE -A3 antigen vaccine, GSK), a vaccine aiming to stimulate the immune response against tumors that express the antigen MAGE-A3
Cobimetinib (Roche), MEK inhibitor
Lambrolizumab (Merck), anti PD-1 antibody
Nivolumab (BMS), also targeting PD-1 receptors
T-VEC (talminogene laherparepvec, Amgen / BioVex)

Three products in Phase III saw their clinical program halted: Genasense® (oblimersen, Genta), Allovectin® (velimogene aliplasmid, Vical) and tasisulam (Eli Lilly).

c) 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.

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 has turned out to be satisfactory with the two dosages tested, 0.5mg and 1mg. Stabilization of tumor growth was obtained in 60% of lesions treated with AMEP® while all control tumors, not treated, continued to develop. 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 obtained approval from 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.

At the same time as evaluating the AMEP® biotherapy, BioAlliance Pharma is concentrating on developing the biotherapy as therapeutic protein, Synfoldin. Technological advances in protein production open up new possibilities to produce Synfoldin in a conformation enabling it to retain its full biological activity. Work to identify other possible tumor indications, such as that of the pancreas, is also underway in order to increase the potential of the product.

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.

4.2.2 Products dedicated to partnerships

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. 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, 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.

These diseases alter the quality of life of patients who are in pain and have problems feeding themselves. In the event 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

In oncology, the incidence of OPCs varies according to the location of the tumors, the type of drugs and the therapeutic protocol used: one meta-analysis has evaluated the median incidence of candidiasis in oncology as being between 30% and 70%, reaching 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 populations of patients that are weakened or immunocompromised 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 to 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 for patients receiving several medications and to the risk of emergence of Candida resistance, favoured 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.

<u>Existing forms of treatment</u>

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:

- Polyene-class antibiotics: amphotericine B (Fungizone® and generics) and nystatin (Mycostatine®)
- 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).

d) Loramyc® / Oravig®

Loramyc® (or Sitamic® in some European countries, Oravig® in the United States) 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 speciality 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 immunocompromised patients. In the United States, Oravig® is indicated for the treatment of OPC in adults.

Loramyc® has been marketed in France since the end of 2007 and is approved in twenty-one 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.

Oravig® obtained its marketing authorization in 2010 in the United States and the product has been marketed by Vestiq Pharmaceuticals from early January 2013. After one year of marketing, the sales performance of Oravig® was not meeting the expectations. Consequently, BioAlliance Pharma has announced on April 1st, 2014, regain of full U.S. commercialization rights for Oravig® as well as the New Drug Application. BioAlliance Pharma is already in advanced discussions with potential partners for the acquisition or for a licensing agreement of the product.

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®. They total more than 152 million Euros of which nearly 55 million has already been received since 2007. The remaining amounts 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
Sosei Co., Ltd Licensing agreement in May 2011	Exclusive marketing license for Japan	Ongoing development	3 million dollars	18.5 million dollars + sales royalties
Therabel Pharma group Licensing agreement from March 2010	Exclusive marketing license for Europe, including Switzerland	Sale in France, Germany and Italy	9.5 million euros	45.5 million euros + sales royalties
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 + sales royalties
ScliClone 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 (HSV-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 vesicular 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

Over 80% of the world's adult population currently carries HSV-1, the main oral herpes virus[2]. Each year, about 14% of the adult population has at least one episode of herpes labialis. Acyclovir

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

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[3].

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 reference treatment and must be applied five times a day for five days;
- Penciclovir (Denavir® - Novartis) must be applied every two hours during the day (nine applications daily) for five to ten days;
- Docosanol (Abreva® - Avanirpharma - GSK), 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 the United States.

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. It enables treatment of recurrent herpes labialis with the administration of a single tablet at the first signs of infection.

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

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 multicenter 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, BioAlliance Pharma has obtained registration of Sitavig® in 10 countries (France and Germany since March 2014 and Sweden, United Kingdom, Spain, Italy, Denmark, Finland, Norway and Poland since December 2012).

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.

A first exclusive licensing agreement was signed in June 2012 with Abic Marketing Limited, a Teva group subsidiary, to market Sitavig® in Israel. Early 2014, two additional license agreements to commercialize Sitavig® were signed: in March with Innocutis Holding LLD for North America and in April with Daewoong Pharmaceutical Co., Ltd for South Korea.

4.2.2.4 Fluriad® and the vaccine market

Fluriad® is a project supported by the Medicen and Atlanpole Biotherapies competitive clusters which aim 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.

4. FROM RESEARCH TO DEVELOPMENT

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

Chapters 5.1, 5.2 and 7.2.2. of this reference document comprise the Chairman's report to the Shareholders' Meeting as required by Article L. 225-37 of the French Commercial Code. This report was approved by the Board of Directors on 25 February 2014 and was filed with the *Autorite des Marche 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. The Board took note of the items presented under the code's "special vigilance notes" heading.

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' Meeting for a three year period.

The composition of BioAlliance Pharma's Board of Directors changed during the course of 2013. Following the expiry and non-renewal of the terms of office of Catherine Dunand and Michel Arié following the General Meeting of 26 June 2013, the Meeting approved the appointment of Danièle Guyot-Caparros, an independent Director, and Russell Greig, previously and since 17 July 2012 a permanent guest member of the Board and also an independent Director.

As of the date of this report, the Board of Directors is composed of eight members:

Patrick LANGLOIS	Independent Director, Chairman
Judith GRECIET	Director, CEO
Russell GREIG	Independent Director
Danièle GUYOT-CAPARROS	Independent Director
Thomas HOFSTAETTER	Independent Director
David SOLOMON	Independent Director
Nicolas TREBOUTA	Permanent Representative of Financière de la Montagne, Director and Shareholder
Rémi DROLLER	Permanent Representative of Kurma Life Sciences Partners, Director and Shareholder

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, 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 Chapter 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 procedures, 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) That 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 2013

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:

- Audit Committee
- Remuneration and Appointments Committee
- Corporate Development Committee

A. Board's Activity Report

Seven Board meetings were held in 2013. The participation rate was 87.5%.

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.

At the meeting on 24 January 2013, the budget 2013 and the financing plan 2013-2015 were approved. The variable remuneration of the CEO for the financial year 2012 was also established, alongside the remuneration of the CEO and COO for the financial year 2013, including the CEO's objectives for 2013. It was also decided how the Directors' fees approved at the Combined Shareholders' Meeting of 31 May 2012 are to be broken down, and approved the details of the annual stock option and share warrant plans to be submitted to the 2013 General Shareholders' Meeting.

On 15 April 2013 the Board approved the annual and consolidated 2012 accounts, the reference document including the management report and net sales first quarter of 2013. It also approved the Chairman's report on governance of the Company, risk management and internal control. A Combined Shareholders' General Meeting was also convened and the draft resolutions approved. It finally assessed its own operation, notably highlighting the creation in 2012 of a Corporate Development Committee designed to strengthen the support role for executive management.

At the Board meeting of 17 May 2013, the CEO was given authorization to examine scenarios for a capital increase.

At the Board meeting of 18 June 2013, exploiting the authorization granted under the eleventh resolution of the Combined General Meeting of 26 June 2013, approval was given for the principal

of a capital increase with maintenance of shareholders' preferential subscription rights up to a maximum amount, issue premium included, of ten million Euros.

Approval was given at the Board meeting of 17 July 2013 for the principal of an additional capital increase (extension clause) within the context of the capital increase with maintenance of shareholders' preferential subscription rights authorized on 27 June 2013. A review was also made of the composition of the Board of Directors specialist committees in view of the new composition of the Board following the appointment of the new Directors, Danièle Guyot-Caparros and Russell Greig, replacing Catherine Dunand and Michel Arié respectively.

On 19 September 2013, the Board approved the BioAlliance Pharma consolidated financial statements of 30 June 2013, as well as the half-yearly management report. It noted that performance conditions for the allocation of employee and management share subscription option plans had been achieved. It also approved an allocation of stock options to employees and an allocation of share purchase warrants to Board members who are not Company employees or managers.

The Board meeting of 14 November 2013 approved sales figures for Q3 2013. It also decided following the capital increase of July 2013 to make a technical adjustment to the share and securities subscription options granting rights to capital.

B. Audit Committee

Composition

Audit Committee members are selected from among the Directors. They are appointed on a personal basis and cannot 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.

Audit Committee membership was changed during 2013 due to the new composition of the Board of Directors following the departure notably of Catherine Dunand, previously a committee member, and her replacement by Danièle Guyot-Caparros. It currently has three members: Danièle Guyot-Caparros, Chairwoman, Patrick Langlois and Nicolas Trebouta, permanent representative of Société Financière de la Montagne. Judith Greciet, Chief Executive Officer, attends the meetings as an invitee of the Audit Committee.

As of the date of this report, the Committee has two independent Directors including its Chairwoman.

Mission

The Audit Committee's overall mission is to assist the Board of Directors in monitoring issues related to the development and control of half-yearly 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 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 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 context of internal control, the Audit Committee monitors the effectiveness of the internal control systems.

The Company has read the final AMF report concerning the Audit Committee of 22 July 2010 and exploits it to define the roles of the said committee.

Organization and activity report

The Audit Committee meets at least twice a year in advance of the approval of annual and half-yearly accounts. In 2013 three meetings were held with a 67% participation rate.

The committee meeting of 9 April 2013 was convened to review the Company's risk map and associated action, to review the Chairman's report on the governance of the Company and to review risk management and internal control. The meeting also received a presentation of the 2012 company and consolidated accounts and a review of the audit of the 2012 financial statements.

At its meeting of 19 September 2013, the committee analyzed the half-year accounts to 30 June 2013.

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 Chairwoman presented or arranged for a presentation of a report on the committee's work at the Board of Directors' meetings of 15 April 2013 and 19 September 2012.

C. Appointments and Remuneration Committee

Composition

The members of the Appointments and Remuneration Committee are selected from among the Directors of BioAlliance Pharma or among outside experts. They are appointed on a personal basis and cannot be represented. The term of office of the committee members coincides with that of their directorship.

The Appointments and Remuneration Committee consists of three members: Patrick Langlois, Chairman, David Solomon and Remi Droller, permanent representative of Kurma Life Science

Partners. There are therefore two independent Directors including the Chairman. Judith Greciet attends the meetings as a guest.

Mission

The role of the Appointments and Remuneration Committee is to prepare for 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 2013, two meetings were held with an 87.5% participation rate.

At its meeting on 8 January 2013, the Committee examined the variable remuneration of the CEO for the year 2012 and her objectives for 2013. It also examined the remuneration of the CEO and COO for the financial year 2013. The committee also debated the breakdown of Directors' fees following the creation of the Corporate Development Committee within the overall framework approved by the General Shareholders' Meeting of 31 May 2012. It also made preparations for the resolutions to be submitted to the next General Shareholders' Meeting regarding Directors' and employees' stock options share warrants. Finally, the composition of the Board of Directors was discussed following the expiry of four Directors' terms of office at the 2013 Ordinary Shareholders' General Meeting.

At its meeting on 19 September 2013, it noted that performance conditions for the allocation of employee and management share subscription option plans had been achieved. It also examined the conditions for an allocation of stock options to employees and an allocation of share purchase warrants to Board members who are not Company employees or managers.

Corporate Development Committee

Composition

Corporate Development Committee members are selected from among the Directors. They are appointed on a personal basis and cannot be represented. The term of office of the committee members coincides with that of their directorship.

This committee is composed of Thomas Hofstaetter as Chairman, Kurma Life Science Partners represented by Remi Droller, Judith Greciet, Russell Greig, Patrick Langlois and David Solomon. There are therefore four independent Directors including the Chairman.

Mission

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

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

As such, it must:

- Discuss in advance the strategic plan proposed by the Chief Executive Officer to the Board of Directors including research program issues and 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 (and related financing), (ii) on projects involving the sale of assets or shareholdings belonging to the Company.

Organization of Work

The Corporate Development Committee meets at least once a year. In 2013 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. All observations made in 2013 were duly noted and the Board will hold a further evaluation in 2014.

5.1.2 Directors of BioAlliance Pharma

5.1.2.1 Information about the Directors

There are no Directors elected by employees 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.

Directorships

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	Directorships/Functions
Patrick LANGLOIS Patrick Langlois has been Chairman of BioAlliance Pharma since 29 June 2011. His term of office will expire at the General Shareholders' Meeting of 2016. 69 years old, Patrick Langlois has been a Director of BioAlliance Pharma since 13 May 2011. Patrick Langlois began his career at Banque Louis Dreyfus and then spent a large part of his career with Rhône-Poulenc and Aventis SA, where he was Deputy Chairman and Finance Director. He is currently a General Partner at PJL Conseils and a board member and non-executive director at Biotech entities in Europe and the United States, notably Innate Pharma and Exonhit Therapeutics. As of 31/12/2013, Patrick Langlois held 75,262 shares in BioAlliance Pharma. Business address: PJL CONSEILS EURL 6, Avenue Frédéric Le Play 75007 Paris – France	**Within the Company** • Chairman of the Board of Directors of BioAlliance Pharma **Outside the Company** As of 31 December 2013, Patrick Langlois was also: • Chairman of Stallergènes (France) • Board Member of Innate Pharma (France) • Board Member of Diaxonhit (France) • Director of Newron Pharmaceuticals (Italy) • Director of Scynexis Inc (USA) Over the past five years, Patrick Langlois has also had the following directorships and functions outside the Company which he no longer holds: • Director at Shire Limited (UK) • Supervisory Board Chairman of Nanobiotix SA (France)
Judith GRECIET Judith Greciet joined BioAlliance Pharma on 1 March 2011, as Chief Operating Officer in charge of R&D and Operations. She has been CEO and a Director of BioAlliance Pharma since 29 June 2011.	**Within the Company** • Director and CEO of BioAlliance Pharma **Outside the Company** As of 31 December 2013, Judith Greciet is also: • Chairwoman of Laboratoires BioAlliance Pharma

Director	Directorships/Functions
Her term of office will expire at the General Shareholders' Meeting of 2014. Judith Greciet, 45, has spent her career at various international laboratories (notably Eisai, Zeneca and Wyeth), occupying increasingly important management and strategic positions in the fields of oncology and immunology working with innovative products. She has a doctorate in Pharmacy and is a graduate in business administration and pharmaceutical marketing. As of 31/12/2013, Judith Greciet held 100 shares in BioAlliance Pharma and 215,126 share subscription options. Business address: BIOALLIANCE PHARMA 49, boulevard du Général Martial Valin 75015 – Paris.	• Director of Theravectys • Director of France Biotech Over the past five years, Judith Greciet has also had the following directorships and functions outside the Company which she no longer holds: • Chairwoman of Eisai France
Russell GREIG Russell Greig has been a director of BioAlliance Pharma since 26 June 2013. His term of office will expire at the General Shareholders' Meeting of 2016. Aged 62, Russell Greig has over thirty years experience in the pharmaceuticals industry with expertise in research and 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. As of 31/12/2013, Russell Greig held 100 shares and 15,000 share warrants in BioAlliance Pharma. Business address: 1241 Karen Lane, Wayne, PA 19087-2759 United States	**Within the Company** • Director of BioAlliance Pharma **Outside the Company** As of 31 December 2013, Russell Greig is also: • Director of Novavax AB (Sweden) • Chairman of the Board of Directors of AM Pharmaceuticals (Netherlands) • Supervisory Board Chairman of Novagali (France) • Venture Partner of Kurma Partners Over the past five years, Russell Greig has also had the following directorships and functions outside the Company which he no longer holds: • Director of Rib-X Pharmaceuticals (United States) • Director of Genocea BioSciences, Inc. (United States) • Chairman of the Board of Directors of Anaphore Inc. (United States) • Chairman of the Board of Directors of Syntaxin (United Kingdom)

Director	Directorships/Functions
Danièle GUYOT-CAPARROS Daniéle Guyot-Caparros Greig has been a director of BioAlliance Pharma since 26 June 2013. Her term of office will expire at the General Shareholders' Meeting of 2016. Danièle Guyot-Caparros is 55 years old. After experience at an international audit firm, she joined Rhône-Poulenc, later becoming Aventis then Sanofi, occupying increasingly important posts, with notable experience in Finance at a European level and then business planning and performance monitoring on a global level. As of 31/12/2013, Danièle Guyot-Caparros held 15,000 share warrants in BioAlliance Pharma.	**Within the Company** • Director of BioAlliance Pharma
David H. SOLOMON David H. Solomon has been a Director of BioAlliance Pharma since 29 June 2011. His term of office will expire at the General Shareholders' Meeting of 2014. Aged 53, 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 31/12/2013, David H. Solomon held 100 shares and 30,080 share warrants 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 2013, David H. Solomon is also: • CEO de Zealand Pharma • Member of the Board of Directors of the American Chamber of Commerce in Denmark. • Member of the Board of Directors of the Cass Foundation, Goodwood, United Kingdom

Director	Directorships/Functions
Thomas HOFSTAETTER Thomas Hofstaetter has been a Director of BioAlliance Pharma since 31 May 2012. His term of office will expire at the General Shareholders' Meeting of 2015. Aged 65, 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. As of 31/12/2013, Thomas Hofstaetter held 30,077 share warrants in BioAlliance Pharma. Business address: Thomas Hofstaetter Die Rappenwiesen D- 61350 Bad Homburg Germany	**Within the Company** • Director of BioAlliance Pharma **Outside the Company** As of 31 December 2013, Thomas Hofstaetter is also: • Director of Geron Corporation Over the past five years, Thomas Hofstaetter has also had the following directorships and functions outside the Company which he no longer holds: • President and CEO of VaxInnate Corporation • Senior Vice President Corporate Development of Wyeth Inc.

Director	Directorships/Functions
FINANCIERE DE LA MONTAGNE, represented by Nicolas Trebouta Financière de la Montagne has been a Director since 29 June 2011. Its term of office will expire at the General Shareholders' Meeting of 2014. Nicolas Trebouta, 50, has been making investments via Financière de la Montagne either directly or via funds in biotechnology companies since 2004. Co-founder of Chevrillon et Associés in 2000, he participated via this organization in several LBO operations including Picard Surgeles, CPI printing company and Albingia Insurance. He is a doctor and has been a shareholder of BioAlliance Pharma since 2008. As of 31/12/2013, Financiere de la Montagne held 2,807,507 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 2013, Nicolas Trebouta is also: • Director of SARL Financière de la Montagne • Director of SCI Fleurus Immobilier • Director of SCI 5 rue de la Liberté • President of SAS Dragon 8 • Director of SC Financière des Associés • President and CEO of SICAV Mercure Epargne Longue • Director of GIE IO • President of the Supervisory Board of SCA Chevrillon & Associés • Director of EARL Ferme de Bissy • Director of SC Valois • Director of SCI du Trillon Over the past five years, Nicolas Trebouta has also had the following directorships and functions outside the Company which he no longer holds: • Natural person representing Financière de la Montagne

Director	Directorships/Functions
KURMA LIFE SCIENCE PARTNERS, represented by Rémi Droller Kurma Life Sciences Partners, represented by Rémi Droller, has been a Director of BioAlliance Pharma since 16 December 2010. His term of office will expire at the General Shareholders' Meeting of 2016. Aged 38, Rémi Droller joined Kurma as a Partner in September 2010 after working for over 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 31/03/2013, Kurma Life Science Partners held 1,076,395 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 2013, Rémi Droller was also: • Director of Prosensa • Director of AM Pharma As of 31 December 2013, Kurma Life Science Partners, was also: • Director of AM Pharma • Director of STAT Diagnostica • 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 Sterispine Over the past five years, Rémi Droller has also had the following directorships and functions outside the Company which he no longer holds: • Director of Adocia • Director of BMD • Director of Domain Therapeutics • Director of Integragen • Director of Novagali Pharma

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.

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: Russell Greig, Danièle Guyot-Caparros, Thomas Hofstaetter, Patrick Langlois and David Solomon.

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 2013 was set by the AGM of 31 May 2012 at €170,000. This sum is distributed at the discretion of the Board of Directors.

During its meeting on 24 January 2013, the Board decided that:

- The Directors shall receive a fixed, prorated remuneration of €3,400 for their position, and variable remuneration of €2,500 per Board meeting;
- The Chairman of the Board shall receive fixed, prorated remuneration of €9,400 for his position and variable remuneration of €3,000 for each Board meeting;
- Committee members exercising the function of Independent Director shall receive variable additional remuneration of €1,000 per meeting of the committees of which they are members, excluding the Corporate Development Committee, for which remuneration is set at €2,000;
- Committee Chairmen shall receive variable additional remuneration of €2,000 per meeting of the committees of which they are chairman, excluding the Corporate development Committee, for which remuneration is set at €3,000 euros;
- Directors who exercise a management role or who represent a company that is a Company shareholder shall not receive a director's fee.

In addition, on 19 September 2013, the Board decided to allocate to the independent directors share purchase warrants with a 10-year exercise term at an issue price of €0.40 and a subscription price of €4.01.

Directors in office at 31 December 2013 received directors' fees from the Company in the gross amounts detailed in Table 3 below.

Table 3

Directors' fees and other remuneration received by non-executive corporate officers				
Non-executive corporate officers	**Amounts for 2013 7 Board meetings and 5 Committee meetings**		**Amounts for 2012 7 Board meetings and 7 Committee meetings**	
	Director's fees in €	**Other remuneration**	**Director's 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	36,400	25,000 warrants 24,000 € (*)	€41,500	25,000 warrants €12,000 (*)
Russell Greig Board member since 26/06/2013	9,240	15,000 share warrants	N/A	N/A
Danièle Guyot-Caparros Board member since 26/06/2013	13,200	15,000 share warrants	N/A	N/A
David Solomon Board member since 29/06/2013	10,080	15,000 share warrants	€17,775	15,000 share warrants
Thomas Hofstaetter Board member since 31/05/2012	15,330	15,000 share warrants	€9,345.70	15,000 share warrants
Financière de la Montagne Represented by N. Trebouta	N/A	N/A	N/A	N/A
IDInvest, now Kurma Life Sciences Partners represented by R. Droller	N/A	N/A	N/A	N/A
ING Belgique represented by Luc Van de Steen up to 18/04/2012	N/A	N/A	N/A	N/A
Michel Arié Board member up to 26/06/2013	11,198	N/A	€24,500	15,000 share warrants
Catherine Dunand Board member up to 26/06/2013	7,698	N/A	€21,500	15,000 share warrants
TOTAL	€103,146	85,000 share warrants €24,000	€114,620.70	85,000 share warrants €12,000

(*) Consultancy contract signed by BioAlliance Pharma and PJL Conseils on 1 July 2012 providing fixed remuneration of €2,000 ex VAT per month.

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

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
- Pierre Attali, Chief Operating Officer, Strategy and Medical Affairs.

A detailed presentation of these two persons is provided below within this section of the report.

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. 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 Synthelabo's merger with Sanofi, Pierre Attali co-founded and managed OSMO, a clinical research organization specializing in oncology. He then occupied posts as Chairman of the Board at Molecular Engines Laboratories, a French biotechnology company dedicated to cancer, followed by Urogene, prior to joining BioAlliance Pharma in 2008.
Pierre Attali is also a part-time hospital doctor at the Bicetre 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 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 R&D and Operations. She was appointed CEO on 29 June 2011. She combines her corporate office with an employment contract.

In 2013, Judith Greciet received a fixed salary of 257,500 euros. This remuneration was set by the Board of Directors on 24 January 2013 at the recommendation of the Remuneration and Appointments Committee formulated on 8 January 2013.

On 24 January 2013, 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 for 2013 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 29 January 2014, at the recommendation of the Remuneration and Appointments Committee, the Board set the variable remuneration of Judith Greciet for 2013 at 40% of her fixed salary, exceptionally weighted by 50% to account for the cash position of the Company, namely 51,500 Euros.

During 2013, Judith Greciet received no director's fees as per the rules stated above, and has not benefited from any share warrant options or other instruments granting rights to capital.

Judith Greciet did not receive any benefits in kind in 2013 other than a company car.

Table 1

Summary table of remuneration, options and shares allocated to each executive officer (in €)		
Judith Greciet - Chief Executive Officer since 29 June 2011	Financial year 2013	Financial year 2012
Remuneration payable for the financial year (breakdown in Table 2)	338,135	282,169
Value of options awarded during the year	N/A	45,360
Value of performance shares awarded during the year	N/A	N/A
TOTAL	**338,135**	**327,529**
Pierre Attali - Chief Operating Officer		
Remuneration payable for the financial year (breakdown in Table 2)	251,789	226,529
Value of options awarded during the year	N/A	37,800
Value of performance shares awarded during the year	N/A	N/A
TOTAL:	**251,789**	**264,329**

Table 2

Summary of remuneration paid to each executive officer (in €)				
	Amounts for financial year 2013		Amounts for financial year 2012	
	due	paid (1)	due	paid (1)
Judith Greciet - Chief Executive Officer since 29/06/11 - Fixed remuneration (2)	261,025	261,025	254,445	254,445
- Variable remuneration	51.500	22,425	22,425	77,089
- Exceptional remuneration	22,425	22,425	N/A	N/A
- Directors' fees	N/A	N/A	N/A	N/A
- Other (1) / benefits in kind:	3,185	3,185	5,299	5,299
TOTAL	**338.135**	**309,060**	**282,169**	**336,833**
Pierre Attali - Chief Operating Officer - Fixed remuneration	209,935	209,935	201,225	201,225
- Variable remuneration	29,329	10,465	10,465	48,103
- Exceptional remuneration	10,465	10,465	14,839	14,839
- Directors' fees	N/A	N/A	N/A	N/A
- Benefits in kind:	2,060	2,060	0	0
TOTAL	**251,789**	**232,925**	**226,529**	**264,167**

(1) Payment of variable remuneration for year Y in year Y+1
(2) Fixed remuneration including basic salary, valuation of paid leave, any back pay and absences

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

Table 3 is available in Chapter 5.1.2.1 of this Reference Document.

Table 4 – Stock subscription or purchase options allocated during the financial year to each executive corporate officer

Not applicable. No option to purchase or to subscribe for shares was exercised by the corporate officers in 2013.

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 2013.

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

Not applicable. No performance shares were awarded to corporate officers in 2013.

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

Not applicable. No performance shares became available in fiscal 2013 for the executive officers.

Table 8 - History of the allocation 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 "Executive" plan, and an "Employee" plan. In each of these cases, the plans benefited the executives and all Group employees.

A share subscription plan was also set up in 2013 designed solely for 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, 2012 and 2013, 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 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 BSA K(3) plan expired on 10 October 2012.

The conditions for the exercise of stock options for the 2012 plan are described in the commentary to Table 8 below.

Table 8

History of allocation of financial instruments granting rights to capital Information on BSAs and SOs allocated to executive corporate officers			
	SO Dir.2010	**SO Dir.2011**	**SO Dir.2012**
Date of AGM	22/04/2010	29/06/2011	31/05/2012
Date of Board meeting	25/08/2010	21/09/2011	13/09/2012
Exercise terms	1 option/1 share 4 years vesting after award subject to performance conditions	1 option/1 share 4 years vesting after award subject to performance conditions	1 option/1 share 4 years vesting after award subject to performance conditions
Shares available for subscription by executive corporate officers (1)	25.365	210,000	110,000
- Judith Greciet	N/A	160.848 (2)	54.278
- Pierre Attali	10.365	50.265	45.232
Start date for exercise	25/08/2014	21/09/2015	13/09/2016
Expiry date	25/08/2020	21/09/2021	13/09/2022
Subscription price (1)	5.50	3.78	3.90
Shares subscribed at 31/12/2013	0	0	0
Canceled or void options	15,000 (3)	0	0
Options remaining at 31/12/2013 (1)	10.365	211.113	110,565

(1) After adjustment for the option subscription number and price following the capital increases of July 2011 and July 2013, in accordance with Article L.228-99 of the French Commercial Code (Board meeting of 28 July 2011 and 14 November 2013)
(1) Of the 160,000 options initially allocated to Judith Greciet by the Board of Directors on 21 September 2011 (prior to technical adjustments associated with the capital increases), only 60,000 are subject to performance conditions.
(3) Cancellation of options for Dominique Costantini

Table 8

History of allocation of financial instruments granting rights to capital Information on BSAs allocated to Board members				
	BSA - L	BSA – 2011	BSA – 2012	BSA – 2013
Date of AGM	29/04/2008	29/06/2011	31/05/2012	26/06/2013
Date of Board meeting	17/12/2008	21/09/2011	13/09/2012	19 September 2013
Exercise terms	1 warrant/1 share Vesting/4 years	1 warrant/1 share Vesting/18 months	1 warrant/1 share Vesting/18 months	1 warrant/1 share Vesting/18 months
Shares available for subscription by corporate officers (1)	6.211	55.293	45.232	85.000
- Patrick Langlois	N/A	25.133	25.129	25.000
- David Solomon	N/A	15.080	0	15.000
- Thomas Hofstaetter	N/A	N/A	15.077	15.000
- Danièle Guyot-Caparros	N/A	N/A	N/A	15.000
- Russell Greig	N/A	N/A	N/A	15.000
- Catherine Dunand	N/A	0	0	N/A
- Michel Arié	6.211	15.080	5.026	N/A
Start date for exercise of BSAs	17/06/2009	21/03/2012	13/03/2013	19/03/2014
Expiry date	16/12/2013	21/09/2017	13/09/2018	19/09/2023
Issue price	N/A	€0.38	€0.39	€0.40
Subscription price (1)		€3.78	€3.90	€4.01
Shares subscribed at 31/12/2012	6.211	15.080	5.026	0
Total BSAs canceled or void	0	0	0	0
BSAs remaining at end of financial year (1)	0	40.213	40.206	85,000

(1) After adjustment for the option subscription number and price following the capital increases of July 2011 and July 2013, in accordance with Article L.228-99 of the French Commercial Code (Board meeting of 28 July 2011 and 14 November 2013)

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 2013.

In 2013, 195,500 options were allocated 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	**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)	156.000	€4.01	SO 2013 Plan

Table 10

Executive Corporate Officers	Employment contract		Supplementary pension plan		Compensation or benefits due to cessation/change of functions		Compensation due under non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Judith Greciet Chief Executive Officer since 29/06/2011 Term of office begins: 29/06/2011 Term of office ends: AGM to approve the 2013 financial statements	**x**			**x**		**x**		**x**
Pierre Attali Chief Operating Officer Term of office begins: 22/07/2010 Term of office ends: 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.

During fiscal 2013, the Company did not award any equity securities or debt securities to the executive officers, or any share subscription options.

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 pension commitments for executive corporate officers at 31 December 2013 amounted to €62,713 (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 is presented as at 31 December 2013:

Interests held by directors and officers in the Company's share capital as at 31/12/2013	Number of shares	% of equity	Number of shares resulting from potential exercise of BSAs	Number of shares resulting from potential exercise of options	Number of free shares	% total after exercise potential of warrants and options
J. Greciet	100	0.00%		215,126		0.98%
P. Attali	3,347	0.02%		105,862	11,250	0.55%
P. Langlois		0.00%	75,262			0.34%
R. Greig	100	0.00%	15,000			0.07%
D. Guyot-Caparros		0.00%	15,000			0.07%
T. Hofstaetter		0.00%	30,077			0.14%
D. Solomon	100	0.00%	30,080			0.14%
Financière de la Montagne	2,807,570	13.57%				12.81%
Idinvest	1,076,395	5.20%				4.92%

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, the transactions involving the Company's securities (acquisitions, divestments, subscriptions or exchanges of securities) made by Company management or members of the Board of Directors or people with close personal ties in FY 2013 are listed below:

- Patrick Langlois, Thomas Hofstaetter, Russell Greig, Danièle Guyot-Caparros and David Solomon subscribed all BSAs allocated to them by the Board meeting of 19 September 2013, namely a total of 85,000 BSAs.
- Michel Arié, a Director whose term of office ended after the Shareholders' Meeting of 26 June 2013, exercised all BSAs allocated to him, namely a total of 26,317 BSAs (see remuneration table no. 8).
-

5.2 Internal control

5.2.1 Components of the risk management system

Definition and objectives

The risk management approach employed by BioAlliance Pharma 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[4], according to which risk management is a Company management tool that contributes to:

- Creating and preserving the value, assets and reputation of the Company;
- Secure decision-making and processes to promote the attainment of Company objectives;
- Promoting consistency of action 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 Chapters 5.2.1.4 to 5.2.1.6 of this Reference Document.

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 Risk management process: identification and analysis of 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, high risk and acceptable risk.

[4] Implementation guidelines on internal control adapted to small and medium-sized companies updated on 22 July 2010

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 practice, the independence of its projects in clinical and preclinical development allows the Company to manage the risks inherent in pharmaceutical research. Accordingly, 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 2013 BioAlliance Pharma continued the ongoing clinical Phase II trial with Validive® and the Phase III trial with Livatag®. 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. 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.

- **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 publication 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.

Loramyc®/Oravig®, the first product registered by BioAlliance Pharma, is marketed in Europe by the Therabel group and in the United States by Vestiq Pharmaceuticals.

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

Loramyc®/Oravig® is also licensed in three Asian countries, namely Japan (Sosei), South Korea (Handok) and China (NovaMed). The Company cannot guarantee that the registration of the product will be obtained in these countries 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 Chapter 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.[2]

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.

- **Disputes**

The main ongoing disputes are described in Note 8.3 to the consolidated financial statements at 31 December 2013.

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 2013, its accumulated losses had risen to €124.9 million under French GAAPs. These operating losses are primarily the result of investments in research and development, notably for carrying out preclinical studies and clinical trials.

The Group expects further operating losses for the next few years as it continues its research and development activities.

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 has signed a number of licensing agreements with partners located outside the Eurozone. In general these agreements provide for payment in dollars, whether for stage payments in respect of precise objectives in terms of the development/registration of products or sales, or for royalties on sales.

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 Chapter 6 of this reference document.

5.1.2.7 Insurance and risk coverage

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:

✓ A professional liability insurance policy, covering:

- Operating 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;

- Product 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 Company's products;
- Criminal Proceedings and Third-party Claims Liability.

✓ Directors' and Executive Officers' Liability insurance policy, insuring them against the possibility of incurring liability in the performance of their duties.

✓ 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 Chatenay-Malabry.

✓ 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 center 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.

✓ Key Personnel insurance policy covering the risk of physical accidents that could occur to members of management.

✓ 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; and

- Must enable it to take appropriate action to tackle any significant risks it may face, whether they are 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 implementation 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 on 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 securite du medicament et des produits de sante* (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 as follows: 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:

- Documentation system;
- Reporting system;
- Specific controls related to the preparation and processing of accounting and financial information.

These activities are carried out by various parties, notably internal organization structured around three decision-making and supervisory bodies with an internal Strategy Committee, an Operations Committee and Project Groups, these last two bodies being dedicated to the management of R&D projects.

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 notably 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;
- IT systems: the computerized management of the rules on information access, protection and storage;

- Human resources and labor regulations;
- Services provided for 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:

- 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;
- External communication;
- The quality and information system;
- Human resources.

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 Parties 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.

These provisions are supplemented by the intervention of external agents, including the auditors. Within the context of their legal mission, auditors are not part of the internal control and risk management system. They take due note of the system, exploit the work of internal audit in order to

gain a better understanding and arrive at a completely independent decision as to its effectiveness. 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 2014, the Company will notably be deploying action plans identified within the various departments via optimized and standardized monitoring tools. This will enable uniform risk management principles to be rolled out in all key areas.

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 2013.

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;
- determining 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-Defense and Paris, 18 March 2014

The Statutory Auditors

Grant Thornton **French member of Grant Thornton International**	**ERNST& YOUNG Audit**
Jean-Pierre Colle	Béatrice Delaunay

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 119 to 187 of the fiscal 2012 Reference Document filed with the AMF on 18 April 2013, under number D.13-0376;

- 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.

Pro forma financial information

Not applicable.

6.1. Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS €	31/12/2013	31/12/2012	Note
Non-current assets			
Intangible fixed assets	22,785	32,519	4
Tangible fixed assets	908,313	1,085,533	5
Financial assets	368,998	421,565	
Other non-current assets	0	0	
Total non-current assets	1,300,096	1,539,616	
Current Assets			
Inventory and work in progress	3,145	2,739	
Trade receivables and related items	338,113	2,088,957	6
Other receivables	4,772,870	3,985,696	6
Marketable securities	7,357,014	7,892,826	6
Cash	3,972,013	6,610,308	
Total current assets	16,443,156	20,580,526	
TOTAL ASSETS	**17,743,252**	**22,120,142**	

LIABILITIES €	31/12/2013	31/12/2012	Note
Shareholders' equity			
Share capital	5,170,748	4,414,929	7
Less: treasury shares	(58,512)	(25,147)	7
Additional paid-in capital	128,044,120	118,081,366	
Reserves	(110,398,366)	(99,180,837)	
Minority interests	0	0	
Net income/(loss) for the year	(15,320,256)	(11,547,921)	
Total equity	7,437,734	11,742,389	
Non-current liabilities			
Provisions	456,878	751,910	8
Other payables	3,030,220	3,479,260	8
Total non-current liabilities	3,487,098	4,231,170	
Current liabilities			
Short term debt	91,182	56,931	
Trade payables	4,557,185	3,791,419	9
Other liabilities	2,170,054	2,298,232	9
Total current liabilities	6,818,420	6,146,582	
TOTAL LIABILITIES	**17,743,252**	**22,120,142**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€	31/12/2013	31/12/2012	Note
Recurrent sales from licensing agreements	755,041	975,512	
Non-recurrent sales from licensing agreements	530,391	3,010,132	
Other sales	181,280	42,480	
Total sales	**1,466,712**	**4,028,124**	11
Other income	16	546	
Purchases	(264,271)	(375,231)	
Personnel expenses	(5,346,986)	(4,821,647)	11
External charges	(10,706,716)	(7,938,743)	11
Taxes other than on income	(297,740)	(1,946,732)	11
Depreciation and amortization, net	(232,994)	(214,955)	
Allowances to provisions, net	64,774	106,130	
Other operating income	5,381	15,364	
Other operating expenses	(125,028)	(155,799)	
Operating expenses	**(16,908,960)**	**(15,559,238)**	
Operating income/(loss)	**(15,436,850)**	**(11,515,203)**	
Income from cash and cash equivalents	281,173	249,520	
Other financial income	122,680	21,640	
Financial expenses	(287,260)	(303,879)	
Financial income	**116,593**	**32,718**	12
Income/(loss) before taxation	**(15,320,256)**	**(11,547,921)**	
Income tax	0	0	13
Net income/(loss)	**(15,320,256)**	**(11,547,921)**	
Shareholders' equity	(15,320,256)	(11,547,921)	
Minority interests			
Earnings per share	(0.74)	(0.65)	14
Diluted earnings per share	(0.74)	(0.65)	14

€	31/12/2013	31/12/2012	Note
Income/(loss) for the period	(15,320,256)	(11,547,921)	
Other comprehensive income	0	0	
Exchange rate differences	(783)	(7,005)	
Losses and gains on derecognition of assets available for sale	0	0	
Cash flow hedges	0	0	
Share based payment	300,075	339,495	
Tax related to elements of the comprehensive income	0	0	
Other elements reclassifiable to income	**299,292**	**332,490**	
Actuarial gains and losses	(45,960)	0	
Other elements reclassifiable to income	**(45,960)**	**0**	
Other elements of the comprehensive income for the period net of taxes	253,332	332,490	
Total comprehensive income for the period	(15,066,923)	(11,215,431)	
Total comprehensive income attributable to Owners of the parent company Minority interests	(15,066,923)	(11,215,431)	

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**
Shareholder equity 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 equity 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**
Income/(loss) for the period				(783)	300,075	(15,320,256)	(15,020,964)		(15,020,964)
Capital increase	755,819		9,962,755				0		10,718,574
Capital reduction							0		0
Treasury shares		(33,365)				(18,173)	(18,173)		(51,538)
Translation adjustment						49,273	49,273		49,273
Dividends							0		0
Shareholder equity 31/12/2013	**5,170,748**	**(58,512)**	**1228,044,120**	**8,801**	**1,015,922**	**(126,743,345)**	**(125,718,622)**	**0**	**7,437,734**

CONSOLIDATED CASH FLOW STATEMENT

	31/12/2013	31/12/2012	31/12/2011
Consolidated net income/(loss)	**(15,320,256)**	**(11,547,921)**	**(14,622,175)**
+/- Depreciation, amortization and provisions, net (excluding provisions against working capital)	3,419	603,058	409,731
-/+ Unrealized gains and losses related to changes in fair value	(44,944)	(38,424)	(4,384)
+/- Non-cash income and expenses on stock options and similar items	300,075	339,495	376,352
-/+ Other non-cash income and expenses	(14,542)	(99,730)	(103,971)
-/+ Capital gains or losses on disposal	0	75	0
-/+ 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	**(15,076,249)**	**(10,666,749)**	**(13,736,505)**
+ Cost of net debt	(71,532)	(5,706)	(70,559)
+/- Tax expense (including deferred taxes)			
Gross operating cash flow before cost of net debt and taxes	**(15,147,781)**	**(10,672,454)**	**(13,807,064)**
- Taxes paid			
+/- Change in working capital (including employee benefit liabilities)	1,055,915	3,409,121	2,122,813
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(14,091,866)**	**(14,081,575)**	**(11,684,251)**
- Expenditures on acquisition of tangible and intangible assets	(58,254)	(55,813)	(155,018)
+ Proceeds of disposal of tangible and intangible assets	12,540	1,262	0
- Expenditures on acquisition of financial assets (non-consolidated investments)		10,622	7,793
+ Proceeds of disposal of financial assets (non-consolidated investments)	2,973	137	1,629
+/- 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	**(42,741)**	**(63,036)**	**(161,181)**
+ Net amounts received from shareholders on capital increases			
. Paid by shareholders of the parent company	10,718,574	27,000	18,274,095
. Paid by minority shareholders in consolidated companies			
+ Amounts received on exercise of stock options			
-/+ Purchases and sales of treasury shares	(51,538)	(34,827)	(21,177)
- 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	83,148	56,436	44,091
- Reimbursements of loans (including finance leases)	75,456	122,606	16,663
- Net interest received (including finance leases)	71,532	70,679	156,038
+/- Other flows related to financing activities	14,838	71,527	1,085,345
NET CASH FLOWS FROM FINANCING ACTIVITIES	**10,912,010**	**5,191**	**19,564,083**
+/- Effect of fluctuations in foreign exchange rates	48,490	12,723	-326
CHANGE IN CASH AND CASH EQUIVALENTS	**(3,174,107)**	**(14,162,525)**	**(7,718,324)**
Cash and cash equivalents at start of year	**14,503,134**	**28,665,659**	**20,947,335**
CASH AND CASH EQUIVALENTS AT YEAR END	**11,329,027**	**14,503,134**	**28,665,659**

(1) Prior to allocation of the research and development tax credit, see note 6.3
(2) Including 193,705 euros in reimbursable advances received and 167,500 euros repaid

WORKING CAPITAL	31/12/2013	31/12/2012	Variation
Inventories	3,145	2,739	406
Trade receivables	338,113	2,088,957	(1,750,844)
Other receivables	4,772,870	3,985,696	787,174
	5,114,129	6,077,392	(963,263)
Non-current deferred income	551,060	1,081,454	(530,394)
Trade payables	4,557,185	3,791,419	765,766
Other payables	2,170,054	2,298,232	(128,178)
	7,278,298	7,171,105	107,193
Working capital	2,164,170	1,093,713	1,070,457
IRDP liabilities	357,645	372,187	(14,542)
Variation in WCR related to the business (including liabilities related to employee benefits)			1,055,915

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2013

NOTE 1: SIGNIFICANT EVENTS AND TRANSACTIONS

A Company dedicated to orphan oncology products with a focus on drug resistance targeting, BioAlliance Pharma conceives and develops innovative products for orphan or rare diseases.

R&D programs

- **Marketing authorization for Sitavig® in the United States**

On 16 April 2013, the Company obtained authorization from the FDA (Food & Drug Administration) to market Sitavig®. This second drug registered by the Company, indicated for the treatment of recurrent labial herpes, will be marketed via licensing agreements. Discussions are currently being held with potential partners in the United States and in Europe, where the MA was obtained in 8 initial countries in December 2012.

- **Continuation of ongoing clinical trials**

During the period, BioAlliance Pharma continued its Phase III Relive trial with Livatag® in France and prepared to open clinical centers in other countries in Europe in order to accelerate patient recruitment. At the end of 2013, over 80 patients had been recruited of a total of 390 planned for the trial. In 2014, recruitment will take place in all 8 countries and in the United States, where authorization for the ReLive trial was obtained in December 2013.

At the same time, the Company rolled out its Phase II Validive® trial internationally in order to accelerate patient recruitment. Over 50 centers are active in Europe and the United States and recruitment of the planned 183 patients should be completed during the first half of 2014, with preliminary results anticipated during the second half of the year.

This activity is mirrored in the increase in R&D expenses totaling 10 million Euros over the year, as against 9.3 million Euros in 2012.

Commercial partnerships

- **Launch of Oravig® in the United States through the partner company Vestiq Pharmaceuticals**

On 7 January 2013, BioAlliance Pharma announced the launch of Oravig® in the United States through its commercial partner Vestiq Pharmaceuticals. Some 3 months after the signing of the licensing agreement by the parties, Vestiq sales teams began to actively promote Oravig® to American prescribing physicians and wholesalers. One year on from launch, Vestiq's sales performance with Oravig® is below expectations. Consequently, since mid-2013 BioAlliance Pharma has been closely scrutinizing its partner's promotional activities.

Financing

- **Capital increase**

In July 2013, the Company successfully completed a capital increase with maintenance of the preferential subscription right (DPS), totaling some 8.4 million Euros. The transaction was oversubscribed at 155% and enabled the extension clause to be fully implemented. A total of 2,496,960 new shares were issued, bringing equity from €4,539,928.75 to €5,164,168.75 divided into 20,656,675 shares with a nominal value of €0.25 each, as of the end of July 2013.

This financing operation, notably designed to enable acceleration and internationalization of the clinical development of Validive®, was supported by the Company's two largest shareholders. Financière de la Montagne and Idinvest therefore committed to subscribing up to 63% of the total amount, namely 5 million Euros. Following the capital increase, they hold 13.6% and 5.2% respectively.

- **Grant for the Livatag® program**

In mid-2013, BioAlliance Pharma set up the NICE (Nano Innovation for Cancer) consortium, the objective of which is to establish the first nanomedicine sector in France, notably focusing on the characterization and industrialization of specific nanomedicine manufacturing processes. The consortium obtained funding from bpifrance of nearly €9m, of which €4.3m was granted directly to BioAlliance Pharma under the ISI (Industrial Strategic Innovation) scheme, enabling it to accelerate the industrial development of Livatag®. This funding consists of advances received in several tranches which will become reimbursable only in the event of the commercial success of the project. The first payment of 1.3 million Euros was received in January 2014.

As of 31 December 2013, eligible expenses totaled some 3 million Euros.

- **Implementation of a PACEO® equity facility**

At the end of January 2013, the Company agreed a PACEO® equity financing facility with Société Générale to provide periodic support for the acceleration of its development projects. This flexible tool enables the bank to subscribe at the request of BioAlliance Pharma to successive capital increases by maximum tranches of 400,000 shares over a 24-month period, up to a maximum of 1,765,000 shares (i.e. 9.9% of share capital at the end of 2012). The subscription price will be set at 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: they are not intended to be retained by Société Générale.

In 2013, BioAlliance Pharma made two drawdowns totaling 500,000 shares, with net proceeds of 2.2 million Euros.

Post balance sheet events

No balance sheet events took place which might have a noteworthy impact on the accounts.

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 2013 have been prepared under the responsibility of the Company's Chief Executive Officer and were approved by its Board of Directors on 25 February 2014.

The financial statements were prepared on a going concern basis.
The principle of a going concern was adopted by the Board in view of the following factors:

- In view of the positive cash position at 31 December 2013 of €11.3m, the funding plan established by management for the next 12 months should enable the Company to cover its cash requirements up to the end of financial year 2014 without recourse to the PACEO facility;
- In order to cover its future needs, the Company could decide during 2014 to utilize a number of funding methods, notably:
    - Preparation of capital raising operation
    - Search for new industrial partners with a view to establishing new licensing agreements
    - And the possible use of the PACEO facility

The consolidated financial statements at 31 December 2013 were prepared in accordance with international accounting standards issued by the IASB (International Accounting Standards Board), as published by the IASB on 31 December 2013, and with international standards as adopted by the European Union at 31 December 2013.

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 2013 are identical to those used in the consolidated financial statements at 31 December 2012, 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 2013 (and which had not been applied early by the Group), namely:

Standard	**Name**
Amendments to IFRS 7	Disclosure of transfers of financial assets
IFRS 13	Valuation at fair value
Amendments to IAS 12	Recovery of underlying assets
IFRS 1 amended	First-time adoption of international financial disclosure standards entitled "Government loans"
IFRIC 20	Stripping costs in the production phase of an open-cast mine*
Annual improvements (2009-2011)	Annual standards improvement process 2009-2011
Amendments to IAS 19	Employee benefits

* In view of its business activity, this standard and any amendment or interpretation does not apply to the Group

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 IASB and IFRIC (International Financial Reporting Interpretations Committee) at 31 December 2013, 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)**
IFRS 10 - Consolidation and transitional amendments	1/1/2014
IFRS 11 - Partnerships and transitional amendments	1/1/2014
IFRS 12 - Disclosure on involvement with other entities and transitional amendments	1/1/2014
Revised IAS 27 - Individual company financial statements	1/1/2014
Revised IAS 28 - Investments in associates	1/1/2014
Amendments to IAS 32 - Offsetting financial assets and financial liabilities (accounting and disclosure of)	1/1/2014
Amendment to IAS 36 "Asset depreciation"	1/1/2014
Amendments to IAS 39 and IFRS 9 "Novation of derivatives and continuation of hedge accounting"	1/1/2014
Amendments IFRS10, IFRS12 and IAS 27 "Investment entities" *	1/1/2014

* In view of its business activity, this standard and any amendment or interpretation does not apply to the Group

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. This standard 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 demonstrates the two effects on the consolidation of SpeBio:

- Impact on reserves: due to the use of the equity method, the amount of consolidated losses will be limited to the investment of BioAlliance Pharma including the C/C used to finance Spebio. The variance with net assets required for the most part represents the disputed costs (see 2.2)
- Impact on presentation: classification of net assets (investment plus accumulated reserves) to securities valued using equity method line.

In €	**Balance sheet date**	**Balance sheet total**	**Total current assets**	**Total shareholders' equity**	**Total debt**	**Total current debt**	**Net sales**	**Consolidated net profit/ (loss)**
SpeBio 100%	31/12/2013	48,480	48,480	-3,916,413	3,964,898	3,964,893	0	-86,789
Consolidated part		**24,240**	**24,240**	**-1,958,207**	**1,982,447**	**507,447**	**0**	**-28,555**
IFRS 11 equity method		-1,455,000		-1,455,000				-28,555
Impact of method change		1,479,240	-24,240	503,207	-1,982,447	-507,447		

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 2.10.1),
- 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 consolidated 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 General Martial Valin in Paris (15^{e}). 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 around 480,000 Euros to Group shareholders for lawyers' and management fees. However, these costs remain accounted for historically due to the proportional consolidation method.
- 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)

- **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.

Depreciable periods are generally as follows:

Plant & equipment	5 years
Specialized equipment	5 years
General equipment	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. The Group does not have any such investment at present.

2.7. INVENTORY

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. TRADE RECEIVABLES

Receivables are valued at face value. Impairment is recorded when the probable sale value is lower than the net book value.
Impairment is carried out for each client in accordance with the risk encountered. Excluding special circumstances, the general criteria used to calculate impairment are as follows: debt older than 6 months (impairment 50%) and debt older than one year (impairment 100%).

Receivables and impairment resulting from the above rules are analyzed on a case-by-case basis to establish the existence of any special circumstances.

2.9. SHARE-BASED PAYMENTS (IFRS 2)

Share warrant options allocated to personnel are valued as of the allocation date in accordance with the IFRS 2 standard in order to recognize an expense in profit and loss. 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 share subscription options allocated 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 such situations, the Group applies the so-called 'forfeiture' method under which all previously-recognized expenses are credited in profit and loss.

2.10. NON-CURRENT LIABILITIES

2.10.1. EMPLOYEE BENEFIT OBLIGATIONS (IAS 19)

- **POST-EMPLOYMENT BENEFIT OBLIGATIONS**

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.

2.10.2. 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.

2.11. 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.*

2.12. OTHER CURRENT LIABILITIES

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 debts". 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 recognized as a deduction from the corresponding income and expense accounts according to their nature.

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 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.

3.2 MARKET RISK

Only available-for-sale financial assets (see note 10) 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.

3.3 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.

3.4 FOREIGN EXCHANGE RISK

Because the Company has implemented no foreign exchange hedging instruments, this point does not apply.

3.5 INTEREST RATE RISK

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

NOTE 4: INTANGIBLE ASSETS

4.1 RESEARCH AND DEVELOPMENT COSTS

Research costs and development costs incurred in 2013 were expensed in the amount of €9,978,755.

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 €	01/01/2013	Increase	Decrease	31/12/2013
Gross value	187,178			187,178
Amortization, depreciation and provisions	(183,094)	(1,000)		(183,094)
Net value of patents	**4,084**	**(1,000)**	**-**	**3,084**

4.3 SOFTWARE

In €	01/01/2013	Increase	Decrease	31/12/2013
Gross value	433,808	12,540	(12,540)	433,808
Amortization, depreciation and provisions	(405,373)	(8,734)		(414,707)
Net value of software	**28,435**	**3,806**	**(12,540)**	**19,701**

NOTE 5: TANGIBLE ASSETS

5.1 MOVEMENTS DURING THE YEAR

In €	01/01/2013	Increase	Decrease	31/12/2013
Gross value	3,555,237	45,714		3,600,951
Amortization, depreciation and provisions	(2,332,320)	(292,872)		(2,625,192)
Capital grants	(189,619)		(36,700)	(152,919)
Original value of lease	118,221	73,529		191,750
Accumulated amortization of lease	(65,987)	40,290		(106,277)
Net value of tangible assets	**1,085,533**	**(213,919)**	**(36,700)**	**908,313**

The change in tangible assets is due mainly to acquisitions of sundry laboratory and research equipment and computer equipment.

NOTE 6: OTHER ASSETS

6.1 FINANCIAL ASSETS

In €	01/01/2013	Increase	Decrease	Fair value adjustment	Discount	31/12/2013
Receivable from investments	509					509
Deposits and guarantees	162,170		(2,973)	1,944		161,141
Liquidity Contract						
- Treasury shares	0					0
- Cash	258,885	394,365	(445,903)			207,347
Net value of financial assets	**4,215,644**	**394,365**	**(448,876)**	**1,944**	**0**	**368,998**

6.2 TRADE RECEIVABLES

In €	31/12/2013	< 1 year	> 1 year	31/12/2012
Trade receivables, net	338,113	230,125	107,988	2,088,957

Trade receivables consist mainly of royalties on sales of Loramyc®/Oravig® paid by international partners Handok, Therabel and Vestiq as well as billing of services provided to Eurofins-VirAlliance. 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 €	31/12/2013	< 1 year	> 1 year	31/12/2012
Personnel	25,928	25,928		1,600
Research tax credit	2,389,161	2,389,161		1,978,587
Other tax receivables	956,707	956,707		759,382
Other receivables	711,587	711,587		462,123
Prepaid expenses	689,487	689,487		784,004
Net amount of other receivables	**4,772,870**	**4,772,870**	**0**	**3,985,696**

The research tax credit receivable of €2,389,161 related to the 2013 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 €	31/12/2013	31/12/2012
Reduction in personnel costs	976,776	887,035
Reduction in external expenses	1,339,182	943,412
Reduction in depreciation and amortization	73,203	148,140
Total Research tax credit	**2,389,161**	**1,978,587**

Other tax receivables relate to recoverable VAT and a VAT reimbursement request totaling €434,376. Other receivables totaling €711,587 consist of 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 31/12/2013	Net at 31/12/2012	Change in cash and cash equivalents
Bank current accounts	3,972,013	6,610,308	(2,638,295)
Marketable securities available for sale	7,357,014	7,892,826	535,812
Total cash and cash equivalents	**11,329,027**	**14,503,134**	**(3,174,107)**

Bank current accounts are euro and US dollar accounts opened with Neuflize-OBC and Crédit du Nord. The lower net cash balance is associated with operational expenses, notably research and development.

Investments mainly comprise:

- Shares in short-term money market funds (marketable securities) purchased from Neuflize-OBC and Credit 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 Credit du Nord, capable of boosting performance, that meet the definition of cash equivalents in accordance with IAS 7.6 and IAS 7.7.

NOTE 7: SHAREHOLDERS' EQUITY

7.1 SHARE CAPITAL

7.1.1 EQUITY 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 (€56 million received from partners between 2007 and 2013), 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 put in place a liquidity contract with a high-profile financial partner.

Lastly, the Group intends to encourage the loyalty of its employees through regular grants of stock options or free shares.

7.1.2 CHANGES IN SHARE CAPITAL

		Nominal	Number of shares	€
Shares fully paid at 31/12/2012		0.25	17,659,715	4,414,929
Board decision 14/11/2012	(1)	0.25	250,000	62,500
Board decision 14/11/2012	(2)	0.25	250,000	62,500
Board decision 17/07/2013	(3)	0.25	2,496,960	624,240
Board decision 29/01/2014	(4)	0.25	26,317	6,579
Shares fully paid at 31/12/2013		**0.25**	**20,682,992**	**5,170,748**

(1)(2) Within the context of the PACEO facility set up in January 2013, two capital increases were carried out during the first half of the year at the behest of the CEO, who made use of the powers subdelegated to her by the Board on 14 November 2012, which itself acted under the authorization and powers delegated to it at the General Shareholders' Meeting of 31 May 2012:

- The first capital increase resulted from a decision taken on 4 February 2013 under which it was decided to carry out a capital increase with removal of preferential subscription rights in favor of Société Générale, at a total nominal amount of 1,305,000 Euros, through the creation of 250,000 new shares each with a nominal value of 0.25 Euros. Share capital therefore increased from 4.414.928,75 Euros to 4.477.428,75 Euros.

- The second capital increase resulted from a decision taken on 26 February 2013 under which it was decided to carry out a capital increase with removal of preferential subscription rights in favor of Société Générale, at a total nominal amount of 1.162.500 Euros, through the creation of 250,000 new shares each with a nominal value of 0.25 Euros. Share capital therefore increased from 4,477,428.75 Euros to 4,539,928.75 Euros.

(3) Capital increase with maintenance of shareholder's preferential subscription rights totaling, including issue premium, 8,739,360.00 Euros through the issue of 2,496,960 new shares at a subscription price of 3.50 Euros. This increase was approved at the Board meeting of 17 July 2013.
(4) Capital increase resulting from the exercise of share purchase warrants through the issue of 26,317 new shares at a total amount, issue premium included, of 94,305.15 Euros. This increase was approved at the Board meeting of 29 January 2014.

7.2 TREASURY SHARES

In accordance with IAS standard 32 §33, share capital acquired within the context of the liquidity contract signed with CM-CIC Securities have been deducted from equity at a total amount of 58,512 Euros. The loss on share repurchase totaling 18,173 Euros at 31 December 2013 was offset against income in application of the standard.

7.3 RESERVES

Reserves, amounting to (€110,398), are made up mainly of a retained earnings deficit of (€110,076).

7.4 SHARE-BASED PAYMENTS

All disclosures concerning the BCEs, BSAs and stock options granted by the Group are set out in Note 16 below.

Expenses for 2013 relating to share-based payments amount to 300,075 Euros.

7.4.1 FRENCH SHARE PURCHASE WARRANTS (BSA)

On 19 September 2013, the Board of Directors granted 85,000 2013 BSAs to independent directors. The valuation of these BSAs according to the Black & Scholes methods is summarized below:

	BSA 2013
Date granted	19/09/2013
Number of warrants	85,000
Estimated exercise date	13/09/2023
Exercise price (€)	4.01
Volatility	41.10%
Dividend rate	0%
Risk-free rate	2.46%
Total cost (€)	199,464
Unit price (€)	2.35
Cost for the period (€)	**68,086**

The Board meeting of 17 July 2013 recorded the automatic cancellation of 40,000 BSA Ks (3) due to the departure of two directors and the non-subscription of warrants by a third.

The corresponding effect of these cancellations is a reduction in the total expense of 68.073 euros.

7.4.2 SHARE SUBSCRIPTION OPTIONS (SOS)

On 19 September 2013, the Board of Directors granted 195,500 Employee 2013 SOs. This allocation being subject to qualitative performance criteria and conditions (progress with

development programs and licensing agreements), it was valued using the binomial method with the following parameters:

- Allocation date: 19/09/2013
- Date of possible exercise: between 19/09/2014 and 19/09/2023
- Exercise price €4.2
- Volatility: 41.1 %
- Risk-free rate: 2.382 %
- Dilution taken into account associated with the creation of new shares through the exercise of the options and other dilutive instruments previously allocated.

The total cost of the Employee 2013 SO Plan is 147,603 Euros with the exercise cost totaling 21,568 Euros.

At the Board meeting of 17 July 2013 the automatic cancellation, due to the departure of employees, was noted as being 8,041 options SO 2010(1), 17,000 options SO 2011(1), 2000 options SO 2011(2) and 19,500 options SO 2012(1).

At the Board meeting of 29 January 2013 the automatic cancellation, due to the departure of employees, was noted as being 800 options SO 2010(1), 1000 options SO 2011(1) and 1000 options SO 2012(1).

The corresponding effect of these cancellations is a reduction in the total expense of 50,798 Euros.

At its meeting on 19 September 2013 the Board decided that performance conditions had been 100% fulfilled for the Employee SO 2012 plan and 90% for the Management SO 2012 plan. Consequently, corresponding allocations are now confirmed.

NOTE 8: NON-CURRENT LIABILITIES

8.1 PROVISIONS

In €	31/12/2012	Allowances	Reversals		31/12/2013
			Used	Unused	
Post-employment benefit obligations	372,187			14,542	357,645
Provision for litigation and claims	379,723		276,000	4,490	99,233
Total non-current provisions	**751,910**		**276,000**	**19,032**	**456,878**

8.2 POST-EMPLOYMENT BENEFIT OBLIGATIONS (IAS 19)

The provision for post-employment benefit obligations amounted to €357,645 against €372,187 in 2012, representing a decrease in earnings of €14,542. The actuarial variance of 45,960 Euros has been directly recognized against reserves in accordance with the standard. The impact on the two preceding financial years is not significant. Consequently, no adjustment was made.

The actuarial assumptions are as follows:

	31/12/2013	31/12/2012
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	31/12/2013	31/12/2012
Mortality table	INSEE 2013	INSEE 2012
Discount rate	3.3% (IBOXX corporates AA10+ rate)	2.69% (IBOXX corporates AA10+ rate)
Rate of salary increase	3%	3%
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 - 5.80% from 25 to 34 years - 3.57% from 35 to 44 years - 1.79% from 45 to 54 years - 1.34% above 55 years
Social charges	46% for BioAlliance Pharma	46% for BioAlliance Pharma

8.3 PROVISIONS FOR LITIGATION

Provisions for litigation concern suppliers.

As at 31 December 2012, any risk of ongoing litigation with Eurofins and SpePharm cannot be reliably measured. As the Company judges that it is in the right, no provision was made as at 31 December 2013.

- **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 (United States). 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 the end of 2005, BioAlliance Pharma transferred its intellectual property and licensing rights to Eurofins, for the purpose of optimizing its commercial development in the United States.

Eurofins alleges that the value of the assets transferred was compromised by the rights of a third party, which would have been hidden from it at the time of the assignment; Eurofins also maintained that a new invention developed by BioAlliance Pharma was not offered to it.

Accordingly, Eurofins sought to have the agreement related to the assignment rescinded, along with the award of damages. BioAlliance Pharma contested these allegations and the competence of the court, and immediately submitted an application for withdrawal of the case from US jurisdiction. On 18 September 2009, the Delaware District Court ruled in favor of removal of jurisdiction as petitioned by BioAlliance Pharma. Eurofins lodged an appeal against this decision. On 12 October 2010, the Federal Court of Appeal for the Third Circuit confirmed the decision without examining the substance of the case.

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 failure to market the phenotyping technology and in compensation for the prejudice it had suffered. It accordingly submitted a claim for damages. The proceedings are ongoing as of early 2014 with submissions being made by the parties.

- **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.

SpePharm and SpeBio have made a counterclaim for damages.

In a partial arbitral judgment solely regarding the question of its competence, the Arbitral Tribunal confirmed its competence in respect of the framework contract and against SpePharm only. This judgment was confirmed by the Paris Court of Appeal on 5 May 2011 and by the Court of Cassation on 6 November 2013. In the meantime, the Paris Commercial Court issued a stay in proceedings and the arbitral procedure was suspended. The proceedings before the Paris Commercial Court recommenced on 12 November 2013 with submissions made in early 2014.

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 received from OSEO concerning the clinical program for Livatag® (doxorubicin Transdrug™), the balance of which at 31/12/2013 was 220,000 Euros. A repayment of 100,000 Euros was made in 2013, and the balance will be paid in installments until 30/09/2015.
  - An advance from OSEO-ISI for the development of the AMEP™ program, the balance of which at 31 December 2013 stands at 1,880,623 Euros.
  - An OSEO advance under the Validive® program, reimbursable at several dates by 2015 and whose balance at 31 December 2013 stood at €82,500.

- Long-term deferred revenue of 551,060 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).

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 €	31/12/2013	31/12/2012
Trade payables	4,557,185	3,791,419

Trade payables include the share of the subsidiary SpeBio attributable to Group shareholders in the amount of 475 thousand Euros.

9.2 OTHER LIABILITIES

In €	31/12/2013	31/12/2012
Social security and similar liabilities	1,268,664	1,249,729
Tax liabilities	132,025	116,940
Other payables	769,365	931,563
Total	**2,170,054**	**2,298,232**

Other liabilities at 31 December 2013 include mainly short-term deferred license revenues totaling €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 basis:

- Over a fixed period of 93 months, as from 1 July 2008 for the NovaMed agreement.
- 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 2013 profit and loss account is detailed below:

In €	Balance at 31/12/2012	Increase	Transfer of Item (1)	Reversal through profit and loss	Balance at 31/12/2013
Novamed	82,660		41,330	41,330	82,660
Sosei	447,734		223,867	223,867	447,734
Total	**530,394**	**0**	**265,197**	**265,197**	**530,394**

(1) Short/long-term reclassification to Other Payables

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 31/12/2012	Net at 31/12/2013	Balance sheet amounts as per 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	2,088,957	338,113	338,113	0	0	338,113
Other receivables	P&C	3,985,696	4,772,870	4,772,870	0	0	4,772,870
Security deposits	P&C	162,170	161,141	161,141	0	0	161,141
Other assets available for sale	ADV	259,394	207,856	0	0	207,856	0
Cash and cash equivalents	AJVPR	14,503,134	11,329,027	3,972,013	0	7,357,014	11,329,028
Total Assets		**20,999,351**	**16,809,006**	**9,244,137**	**0**	**7,564,870**	**1,660,1151**
Debenture loans	DACA	0	0	0	0	0	0
Loans and other borrowings / Credit institutions	DACA	56,931			0	0	91,182
Derivatives at fair value	PJVPR	0	0	0	0	0	0
Oséo advances	DACA	2,292,370	2,333,575	2,333,575	0	0	2,333,575
Supplier debt	DACA	3,791,419	4,557,185	4,557,185	0	0	4,557,185
Other debt	DACA	3,485,122	2,866,699	2,866,699	0	0	2,866,699
Total Liabilities		**9,625,842**	**9,848,640**	**9,848,640**	**0**	**0**	**9,848,640**

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	207,856	0
Monetary securities available for sale	0	7,357,014	0
Total financial assets	**0**	**7,564,870**	**0**
Derivatives at fair value by income	0	0	0
Derivatives at fair value by equity	0	0	0
Total financial liabilities	**0**	**0**	**0**

NOTE 11: OPERATING INCOME AND EXPENSES

11.1 NET SALES

In €	31/12/2013	31/12/2012
Recurring net sales from licensing agreements	755,041	975,512
Non-recurring net sales from licensing agreements	530,391	3,010,132
Other net sales	181,280	42,480
Total net sales	**1,466,712**	**4,028,124**

Recurring sales come from product sales and sales-based royalties related to licensing agreements established by the Company.

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). Significant variation of payments not associated with sales received in 2012 from partner companies under license and immediately recognized in the accounts as proceeds for the financial year: 1 million Euros received from Therabel and 1.6 million Euros received from Vestiq Pharmaceuticals.

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 €**	**31/12/2013**	**31/12/2012**
	Total	Total
Specialty products	1,466,712	4,028,124
Oncology products	0	0
Total	**1,466,712**	**4,028,124**
Europe	768,849	1,690,954
Rest of the world	697,863	2,337,171
Total	**1,466,712**	**4,028,124**

11.2 PERSONNEL COSTS

Personnel costs are broken down as follows:

In €	31/12/2013	31/12/2012
Payroll	4,182,494	3,599,711
Expenses	1,944,581	1,819,786
Employee benefits (IFRS 2)	300,075	339,495
Deduction of research tax credit	(976,776)	(887,035)
Deduction of government grants	(103,388)	(50,310)
Total personnel costs	**5,346,986**	**4,821,647**
Headcount	**51**	**53**

The increase in personnel expenses is mainly due to changes in variable remuneration reflecting attainment of the Company's objectives, notably in terms of R&D programs.

11.3 EXTERNAL EXPENSES

External expenses include mainly the following items:

In €	31/12/2013	31/12/2012
Research and Development Expenses	6,774,493	4,247,689
Scientific sub-contracting	(139,562)	51,055
Deduction of research tax credit	(1,339,182)	(943,412)
Marketing, selling and admin expenses	5,410,967	4,583,411
Total	**10,706,716**	**7,938,743**

The increase in R&D costs is explained by the roll-out and internationalization of the clinical programs with Validive® and Livatag®. The increase in marketing, general and administrative costs arise partly out of the increased use of consultants to support the Company's growth.

The 2013 rental expense in respect of the lease of the registered office at 49 Boulevard du Général Martial Valin, Paris 75015 came to €682,277.

11.4 TAXES OTHER THAN ON INCOME

The material reduction in this item arises from the payment in 2012 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: FINANCIAL INCOME

	Cash	Non-Cash	31/12/2013	31/12/2012
Income from cash and cash equivalents	63,869	-	63,868	98,677
Cost of gross financial indebtedness	7,665	0	7,664	-92,972
Cost of net financial indebtedness	**71,534**	**0**	**71,532**	**5,706**
Other income and financial expenses	-	45,061	45,061	-38,424
Financial income	**71,534**	**45,061**	**116,593**	**-32,718**

Income from cash corresponds mainly to interest from term deposits and foreign exchange gains. Financial expenses are mainly related to negative foreign exchange differences amounting to €275,536.

NOTE 13: DEFERRED TAX

The BioAlliance group had 143 million Euros of accumulated tax losses at 31 December 2013, of which 103 million Euros under the tax consolidation group including Laboratoires BioAlliance Pharma, with 18 million Euros in respect of the 2013 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 NET EARNINGS PER SHARE

In €	31/12/2013	31/12/2012
Net income/(loss) attributable to BioAlliance Pharma common shareholders	(15,320,256)	(11,547,921)
Number of ordinary shares	20,682,992	17,659,715
Number of treasury shares	13,671	5,282
Earnings per share	**(0.74)**	**(0.65)**

Basic earnings per share is calculated by dividing the net profit (or loss) attributable to holders of ordinary shares (the numerator) by the weighted average number of outstanding ordinary shares (the denominator) in the period.

14.2 DILUTED EARNINGS PER SHARE

In €	31/12/2013	31/12/2012
Net income/(loss) attributable to BioAlliance Pharma ordinary shareholders	(15,320,256)	(11,547,921)
Number of ordinary shares	20,682,992	17,659,715
Effect of dilution (1)	-	-
Number of shares adjusted for diluted earnings	20,682,992	17,659,715
Diluted earnings	**(0.74)**	**(0.65)**

(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, 1,212,098 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 resultant number is added to the average number of shares in circulation and forms 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 for 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
852,417	1,572,879	-

15.2. REFUNDABLE OSEO-ISI ADVANCES

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 2013

Summary of stock options at 31 December 2013

Plan designation	Authorization date	Number of options authorized	Date of grant (Management Board or Board of Directors)	Number of options granted	Beneficiaries	Adjusted options outstanding at 31/12/13 (1)	Adjusted options exercisable at 31/12/13 (1)	Adjusted subscription price per share in euros (1)	Expiry date
SO Employees 2010 (1)	22/04/2010 Resolution 20 & 21	150,500	25/08/2010	120,800	employees	79,846	59,885	5.5	25/08/2020
SO Employees 2010 (2)			16/12/2010	16,000	employees	16,799	12,599	5.44	16/12/2020
SO Executives 2010		25,000	25/08/2010	25,000	executives	10,365	7,774	5.5	25/08/2020
TOTAL SO 2010		**175,500**		**161,800**		**107,010**	**80,258**		
SO Employees 2011 (1)	29/06/2011 Resolution 16 & 17	300,000	21/09/2011	218,500	employees	176,443	88,222	3.78	21/09/2021
SO Employees 2011 (2)			26/01/2012	4,000	employees	2,011	503	3.78	26/01/2022
SO Executives 2011		210,000	21/09/2011	210,000	executives	211,113	155,822	3.78	21/09/2021
TOTAL SO 2011		**510,000**		**432,500**		**389,567**	**244,547**		
SO Employees 2012	31/05/2012 Resolution 13 & 14	333,000	13/09/2012	268,000	employees	246,781	99,388	3.9	13/09/2022
SO Executives 2012		110,000	13/09/2012	110,000	executives	99,510	24,878	3.9	13/09/2022
TOTAL SO 2012		**443,000**		**378,000**		**346,291**	**124,266**		
SO Employees 2013	26/06/2103 Resolution 15	283,000	19/09/2013	195,500	employees	195,500	0	4.01	19/09/2023
TOTAL SO 2013		**283,000**		**195,500**		**195,500**	**0**		
TOTAL SO						**1,038,368**	**449,071**		

(1) Adjustment in both the number and the price of the stock options following the capital increase of July 2011 and July 2013, pursuant to Article L.228-99 of the Commercial Code (Board Meeting of 28 July 2011 and 14 November 2013)

Summary of share purchase warrants (BSAs) at 31 December 2013

Type	Authorization date	BSAs authorized	Date of grant (Management Board or Board of Directors)	BSAs granted	Beneficiaries	Adjusted BSAs outstanding at 31/12/13 (1)	Adjusted BSAs exercisable at 31/12/13 (1)	Adjusted subscription price per share in euros (1)	Expiry date
BSA - L	29 April 2008 Resolution 21	150,000	06/04/2009	8,000	Members of supervisory and scientific board	8,311	8,311	€2.32	04/04/2014
BSA 2011	29 June 2011 Resolution 18	100,000	21/09/2011	70,000	Non-employee, non-executive board members	40,213	40,213	€3.78	21/09/2017
BSA 2011	31 May 2012 Resolution 15	100,000	13/09/2012	85,000	Non-employee, non-executive board members	40,206	26,804	€3.90	13/09/2018
BSA 2011	26 June 2013 Resolution 17	100,000	19/09/2013	85,000	Non-employee, non-executive board members	85,000	0	€4.01	19/09/2023
TOTAL						**173,730**	**75,328**		

(1) Adjustment in both the number and the price of the stock options following the capital increase of July 2011 and July 2013, pursuant to Article L.228-99 of the Commercial Code (Board Meeting of 28 July 2011 and 14 November 2013)

NOTE 17: REMUNERATION OF CORPORATE OFFICERS

The table below summarizes the remuneration accounted for at 31 December 2013 for Judith Greciet (Chief Executive Officer) 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 €	31/12/2013	31/12/2012
Executives and corporate officers		
Short-term benefits (fixed / variable / exceptional)	584,289	503,398
Post-employment benefits	62,713	54,947
Long-term benefits	0	0
Share-based payments	143,842	157,851
Benefits in kind	5,245	5,299
Severance payments	0	0
Directors' fees	117,996	121,830
Fees (regulated agreement)	24,000	12,000
Total	**938,085**	**855,325**

BioAlliance Pharma has established a method for 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 €62,713 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 the sale 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 €	31/12/2013	31/12/2012
Assets	**1,718,691**	**2,746,353**
Liabilities	**272,918**	**16,032**
Income	**88,807**	**94,638**
Expenses	**121**	**-**

Concerning regulated agreements:
Fees and expenses concerning PJL Conseils' consultancy contract authorized by the Board of Directors on 17 July 2013 amounted to 24,000 Euros.

NOTE 19: STATUTORY AUDITORS' FEES

The fees paid by BioAlliance to its Statutory Auditors in 2013 and 2012 are as follows:

(in Euros)	Grant Thornton					Ernst & Young			
	Amount		%			Amount		%	
	2013	**2012**	**2013**	**2012**		**2013**	**2012**	**2013**	**2012**
Audit, statutory audit, certification, review of financial statements under French GAAP and IFRS									
Issuer	75,700	83,086	78%	94%		79,258	88,750	79%	100%
Fully consolidated subsidiary	4,800	5,244	5%	6%				0%	0%
Other procedures and services directly related to the statutory auditor's assignment	16,540	0	17%	0%		21,330	0	21%	0%
Sub-total	**97,040**	**88,330**	**100%**	**100%**		**100,588**	**88,750**	**100%**	**100%**
Other services rendered by the networks to the fully consolidated subsidiary									
Sub-total									
Total	**97,040**	**88,330**	**100%**	**100%**		**100,588**	**88,750**	**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 General Shareholders Meetings, we hereby report to you for the year ending 31 December 2013 on:

- The audit of the accompanying consolidated financial statements of BioAlliance Pharma, as enclosed with this report;
- The justification of our assessments;
- The specific verification required by law;

The consolidated accounts have been approved by the Board of Directors. It is our duty to express our opinion on these accounts in accordance with the findings of 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 2013 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 2.1 "Basis of preparation of the financial statements" in the notes to the financial statements concerning the conditions for the application of the principle of a going concern.

II. Justification of our assessments

- As mentioned in the first part of this report, the note 2.1 'Basis of preparation of the financial statements" in the notes describes the conditions for the application of the principle of a going concern. Based on the information we received, we examined the consistency of cash flow forecasts used in the financial plan. We also checked that the note 2.1 in the notes provides adequate information.

- The note 2.13 "Net sales" in the notes sets the accounting rules and methods related to the recognition of revenues and notably the method used to record payments due under the signing of a licensing agreement. We verified the appropriateness of this method and checked its correct implementation. Our work consisted in verifying the reasonableness of estimates and assumptions on which the revenue recognition related to these agreements are based.

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

We also conducted, in accordance with professional standards applicable in France, the specific verification as required by law.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Defense, on 18 March 2014

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG Audit
French member of Grant Thornton International	
Jean-Pierre Colle	Béatrice Delaunay

6.3. Parent company financial statements

LIABILITIES AND EQUITY

Item			2013	2012
Share capital	Paid up:	5,170,748	5,170,748	4,414,929
Additional paid-in capital			128,044,120	118,081,366
Revaluation reserves				
Legal reserve				
Statutory or contractual reserves				
Regulated reserves				
Other reserves				
Retained earnings			(109,880,930)	(99,462,935)
Income for the period (profit or loss)			**(15,022,175)**	**(10,417,994)**
Capital grants			152,919	189,618
Regulated provisions				
		SHAREHOLDERS' EQUITY	**8,464,683**	**12,804,983**
Proceeds from issue of preference shares				
Conditional advances			3,340,899	1,875,635
		OTHER SHAREHOLDERS' EQUITY	**3,340,899**	**1,875,635**
Contingency provisions			14,222	349,746
Loss provisions			99,233	103,723
		PROVISIONS FOR CONTINGENCIES AND LOSSES	**113,455**	**453,469**
Financial debts				
Convertible bonds				
Other bonds				
Loans and debts with credit institutions			8,652	4,697
Other debt			290,037	206,888
Operating liabilities				
Customer prepayments				
Trade payables			4,112,405	3,332,479
Accrued taxes and personnel costs			1,646,695	1,632,768
Other payables				
Liabilities on fixed assets and related items			7,681	3,387
Other liabilities			256,765	70,122
Accruals and deferred income				
Deferred revenue			1,320,425	2,008,636
		LIABILITIES	**7,642,660**	**7,258,977**
Translation adjustment - liabilities			9,912	12,561
		GRAND TOTAL	**19,571,608**	**22,405,626**

ASSETS

Item	2013			2012
	Gross	Depr. & amort	Net	Net
Capital subscribed, not paid in				
Intangible assets				
Set-up costs				
Development expenses				
Concessions, patents and similar rights	187,178	184,093	3,085	4,085
Goodwill				
Other intangible assets	433,808	414,108	19,700	28,434
Advances and prepayments on intangible assets				
Tangible assets				
Land				
Buildings				
Plant & equipment	859,149	764,752	94,398	145,604
Other tangible assets	2,735,068	1,853,709	881,359	1,077,313
Tangible assets in progress				
Advances and prepayments				
Financial assets				
Holdings valued using the equity method				
Other equity holdings	16,051,918	15,812,236	239,682	
Receivable from investments				
Other long-term securities	58,512		58,512	25,147
Loans				
Other financial assets	379,695		379,695	434,206
NON-CURRENT ASSETS	**20,705,329**	**19,028,898**	**1,676,430**	**1,714,788**
Inventory				
Raw materials, supplies				
Work in progress - goods				
Work in progress - services				
Semi-finished and finished products				
Goods held for resale	3,145		3,145	2,739
Advances and prepayments on orders				
Receivables				
Trade receivables	601,943	245,085	356,858	2,184,500
Other receivables	7,150,813	1,634,803	5,516,009	3,185,648
Subscribed, called, unpaid share capital				
Miscellaneous				
Securities and treasury shares:	7,356,973		7,356,973	7,892,502
Cash	3,972,382		3,972,382	6,607,301
CURRENT ASSETS	19,085,256	1,879,888	17,205,369	19,872,691
Accruals and deferred income				
Prepaid expenses	678,175		678,175	778,481
TOTAL III	**19,763,432**	**1,879,888**	**17,883,544**	**20,651,173**
Loan issue costs to be amortized				
Loan redemption premiums				
Translation adjustment - assets	11,634		11,634	39,665
GRAND TOTAL	**40,480,394**	**20,908,786**	**19,571,608**	**22,405,626**

PROFIT AND LOSS ACCOUNT

	2013			2012
	France	Export	Total	
Sale of goods held for resale		331,557	331,557	436,717
Production sold: - goods				
Production sold: - services	109,487	202,613	312,099	474,498
NET SALES	**109,487**	**534,169**	**643,656**	**911,214**
Production transferred to inventory				
Capitalized production				
Operating grants			242,950	(745)
Excess depreciation and recovery on provisions charged in prior years			1,483,250	102,955
Other income			953,890	3,549,473
TOTAL OPERATING INCOME			**3,323,746**	**4,562,897**
Purchases of goods for resale (including customs duties)			184,762	287,706
Change in inventories			(406)	(2,120)
Purchase of raw materials and other supplies (including customs duties)			79,915	88,822
Change in inventory (raw materials and supplies)				
Other purchases and external expenses			12,564,915	8,852,299
Other taxes			448,489	2,148,416
Wages and salaries			3,945,900	3,698,761
Payroll charges			1,944,581	1,850,493
Operating allocations				
on fixed assets: depreciation			302,607	372,163
on fixed assets: provisions				
on current assets: provisions			216,853	125,156
for contingencies and losses: provisions				
Other expenses			125,023	154,298
TOTAL OPERATING EXPENSES			**19,812,638**	**17,575,994**
OPERATING LOSS			**(16,488,892)**	**(13,013,097)**
Operations with third parties				
Allocated gain or transferred loss				
Sustained loss or transferred gain				
Financial income				
Financial income from investments			13,128	18,961
Financial income from other securities and from fixed asset securities			63,468	39,444
Other interest and similar income			75,204	16,241
Provision reversals and expense transfers			39,665	2,605
Foreign exchange gains			189,978	127,848
Net gains on sales of marketable securities			684	736,303
TOTAL FINANCIAL INCOME			**382,126**	**941,403**
Financial expenses				
Amortization and charges to provisions for financial items			1,171,952	39,665
Interest and similar expenses			192	64,973
Foreign exchange losses			276,536	144,169
Net losses on sales of marketable securities				
TOTAL FINANCIAL EXPENSE			**1,448,681**	**248,806**
NET FINANCIAL INCOME			**(1,066,555)**	**692,596**
LOSS BEFORE EXCEPTIONAL ITEMS AND TAX			**(17,555,447)**	**(12,320,500)**

PROFIT AND LOSS ACCOUNT (continued)

	2013	2012
Exceptional income		
Exceptional income on operating transactions	188,230	50,831
Exceptional income on capital transactions	31,648	62,669
Provision reversals and expense transfers	337,774	110,231
EXCEPTIONAL INCOME	**557,652**	**223,731**
Exceptional expenses		
Exceptional expenses on operating transactions	337,930	15,157
Exceptional expenses on capital transactions	49,821	54,120
Exceptional provisions and expense transfers	25,790	230,534
EXCEPTIONAL EXPENSES	**413,540**	**299,812**
EXCEPTIONAL ITEMS	**144,111**	**(76,081)**
Employee profit-sharing		
Corporate income tax	(2,389,161)	(1,978,587)
TOTAL INCOME	**4,263,523**	**5,728,031**
TOTAL EXPENSES	**19,285,698**	**16,146,026**
PROFIT/(LOSS) FOR THE YEAR	**(15,022,175)**	**(10,417,994)**

ACCOUNTING RULES AND METHODS

A Company dedicated to orphan oncology products with a focus on drug resistance targeting, BioAlliance Pharma conceives and develops innovative products for orphan or rare diseases.

1. Accounting policies

The financial statements for the year ended 31 December 2013 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 and the accruals basis of accounting.
The financial statements were prepared on a going concern basis.
The principle of a going concern was adopted by the Board in view of the following factors:
- In view of the positive cash position at 31 December 2013 of €11.3m, the funding plan established by management for the next 12 months should enable the Company to cover its cash requirements up to the end of the financial year 2014 without recourse to the PACEO facility;
- In order to cover its future needs, the Company could decide during 2014 to utilize a number of funding methods, notably:
- Preparation of capital raising operation;
- Search for new industrial partners with a view to establishing new licensing agreements;
- And the possible use of the PACEO facility.

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 fixed 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 equipment	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 present 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 present 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.

Liabilities impairment is carried out for each client in accordance with the risk encountered. Excluding special circumstances, the general criteria used to calculate impairment are as follows: debt older than 6 months (impairment 50%) and debt older than one year (impairment 100%).
Receivables and impairment resulting from the above rules are analyzed on a case-by-case basis to establish the existence of any special circumstances.

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 during the year

2.1. Changes in portfolio

Marketing authorization for Sitavig® in the United States

On 16 April 2013, the Company obtained authorization from the FDA (Food & Drug Administration) to market Sitavig®. This second drug registered by the Company, indicated for the treatment of recurrent labial herpes, will be marketed via licensing agreements. Discussions are currently being held with potential partners in the United States and in Europe, where the MA was obtained in 8 initial countries in December 2012.

Continuation of ongoing clinical trials

During the period, BioAlliance Pharma continued its Phase III Relive trial with Livatag® in France and prepared to open clinical centers in other countries in Europe in order to accelerate patient recruitment. At the end of 2013, over 80 patients had been recruited of a total of 390 planned for the trial. In 2014, recruitment will take place in all 8 countries and in the United States, where authorization for the ReLive trial was obtained in December 2013.

At the same time, the Company rolled out its Phase II Validive® trial internationally in order to accelerate patient recruitment. Over 50 centers are active in Europe and the United States and recruitment of the planned 183 patients should be completed during the first half of 2014 with preliminary results anticipated during the second half of the year.

This activity is mirrored in the increase in R&D expenses totaling 10 million Euros over the year, as against 9.2 million Euros in 2012.

2.2. Developments to commercial partnerships

Launch of Oravig® in the United States through the partner company Vestiq Pharmaceuticals

On 7 January 2013, BioAlliance Pharma announced the launch of Oravig® in the United States through its commercial partner Vestiq Pharmaceuticals. Some 3 months after the signing of the licensing agreement by the parties, Vestiq sales teams began to actively promote Oravig® to American prescribing physicians and wholesalers.

One year on from launch, Vestiq's sales performance with Oravig® is below expectations. Consequently, since mid-2013 BioAlliance Pharma has been closely scrutinizing its partner's promotional activities.

2.3. Capital increase

In July 2013, the Company successfully completed a capital increase with maintenance of the preferential subscription right (DPS), totaling some 8.4 million euros. The transaction was oversubscribed at 155% and enabled the extension clause to be fully implemented. A total of 2,496,960 new shares were issued, bringing equity from €4,539,928.75 to €5,164,168.75 divided into 20,656,675 shares with a nominal value of €0.25 each, as of the end of July 2013.

This financing operation, notably designed to enable acceleration and internationalization of the clinical development of Validive®, was supported by the Company's two largest shareholders. Financière de la Montagne and Idinvest therefore committed to subscribing up to 63% of the total amount, namely 5 million Euros. Following the capital increase, they hold 13.6% and 5.2% respectively.

2.4. Grant for the Livatag® program

In mid 2013, BioAlliance Pharma set up the NICE (Nano Innovation for Cancer) consortium, the objective of which is to establish the first nanomedicine sector in France, notably focusing on the characterization and industrialization of specific nanomedicine manufacturing processes. The consortium obtained funding from bpifrance of nearly €9m, of which €4.3m was granted directly to BioAlliance Pharma under the ISI (Industrial Strategic Innovation) scheme, enabling it to accelerate the industrial development of Livatag®. This funding consists of advances received in several tranches which will become reimbursable only in the event of the commercial success of the project. The first payment of 1.3 million Euros was received in January 2014.

As of 31 December 2013, eligible expenses totaled some 3 million Euros.

2.5. Implementation of a PACEO® equity facility

At the end of January 2013, the Company agreed a PACEO® equity financing facility with Société Générale to provide periodic support for the acceleration of its development projects. This flexible tool enables the bank to subscribe at the request of BioAlliance Pharma to successive capital increases by maximum tranches of 400,000 shares over a 24-month period, up to a maximum of 1,765,000 shares (i.e. 9.9% of share capital at the end of 2012). The subscription price will be set at 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: they are not intended to be retained by Société Générale.

In 2013, BioAlliance Pharma made two drawdowns totaling 500,000 shares, with net proceeds of 2.2 million Euros.

2.6. Post balance sheet events

No balance sheet events took place which might have a noteworthy impact on the accounts.

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 2013.

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 €16,000,000;
- 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.

Shares held by Laboratoires BioAlliance Pharma are depreciated for an amount of 15.760.318.08 Euros.
Shares held in SpeBio and BioAlliance Pharma Switzerland are fully depreciated.

In the context of the liquidity contract with CM-CIC Securities, the amount of treasury shares held was €58,511.88 euros, corresponding to 13,671 shares recognized under "Other long-term securities", and the amount of non-invested cash was 207,347.61 Euros. In 2013: 896,267 treasury shares were purchased and 887,879 were sold; the result for the year was a loss of €18,172.90.

3.4. Trade receivables

Trade receivables represented a net amount of €356,858 at 31 December 2013, and consisted primarily of receivables due from partners Vestiq Pharmaceuticals and Therabel.

3.5. Other receivables

Other receivables represented a net amount of €5,516,009 at 31 December 2013, broken down as follows:

- Research Tax Credit, 2013: 2.389.161 Euros

- Grants to be received: 1.404.372 Euros
- VAT refund requested: 434.376 Euros
- VAT deductible and on outstanding invoices: 501,717 Euros
- Income to be received: 488.789 Euros
- Other: 297.594 Euros

Because there were no revenues from subsidiaries, the intra-group current accounts at a gross amount of 1,634,803 Euros were fully written down.

3.6. Prepaid expenses

Prepaid expenses at 31 December 2013 came to €678,175 and correspond mainly to subcontracting services and fees.

3.7. Marketable securities

Marketable securities are made up of cash mutual funds, which were purchased for €1,345,096 and valued at 31 December 2013 at €1,345,136 and medium-term notes for 6,000,000 Euros.

3.8. Shareholders' equity

Between 31 December 2012 and 31 December 2013, share capital rose from 4,414,928.75 Euros to 5,170,748.00 Euros and premiums from 118,041,765.47 Euros to 127,990,805.13 Euros.

This is the result of four capital increases which took place in succession as follows:

- The first capital increase resulted from a decision taken on 4 February 2013 within the context of the PACEO concluded with Société Générale through the creation of 250,000 new shares at a subscription price of 5.22 Euros, issue premium included, totaling 1,305,000.00 Euros.
- The second capital increase resulted from a decision taken on 26 February 2013 within the context of the PACEO concluded with Société Générale through the creation of 250,000 new shares at a subscription price of 4.65 Euros, issue premium included, totaling 1.162.500,00 Euros.
- Capital increase with maintenance of shareholder's preferential subscription rights totaling, including issue premium, 8,739,360.00 Euros through the issue of 2,496,960 new shares at a subscription price of 3.50 Euros.
This increase was approved at the Board meeting of 17 July 2013.
- Capital increase resulting from the exercise of share purchase warrants through the issue of 26,317 new shares at a total amount, issue premium included, of 94,305.15 Euros.
This increase was approved at the Board meeting of 29 January 2014.

At 31 December 2013, the share capital amounted to €5,170,748, divided into 20.682.992 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, amortized over 10 years. The amount of depreciation at 31 December 2013 came to €214,081.27.

3.10. Provisions for contingencies and losses

Provisions represented an amount of €113,454.71 mainly corresponding to litigation with suppliers and unrealized exchange losses.

As at 31 December 2012, any risk of ongoing litigation with Eurofins and SpePharm cannot be reliably measured. As the Company judges that it is in the right, no provision was made as at 31 December 2013.

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 (United States). 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 the end of 2005, BioAlliance Pharma transferred its intellectual property and licensing rights to Eurofins, for the purpose of optimizing its commercial development in the United States.

Eurofins alleges that the value of the assets transferred were compromised by the rights of a third party, which would have been hidden from it at the time of the assignment; Eurofins also maintained that a new invention developed by BioAlliance Pharma was not offered to it. Accordingly, Eurofins sought to have the agreement related to the assignment rescinded, along with the award of damages. BioAlliance Pharma contested these allegations and the competence of the court, and immediately submitted an application for withdrawal of the case from US jurisdiction. On 18 September 2009, the Delaware District Court ruled in favor of removal of jurisdiction as petitioned by BioAlliance Pharma. Eurofins lodged an appeal against this decision. On 12 October 2010, the Federal Court of Appeal for the Third Circuit confirmed the decision without examining the substance of the case.

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 failure to market the phenotyping technology and in compensation for the prejudice it had suffered. It accordingly submitted a claim for damages. The proceedings are ongoing as of early 2014 with submissions being made by the parties.

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.

SpePharm and SpeBio have made a counterclaim for damages.

In a partial arbitral judgment solely regarding the question of its competence, the Arbitral Tribunal confirmed its competence in respect of the framework contract and against SpePharm only. This judgment was confirmed by the Paris Court of Appeal on 5 May 2011 and by the Court of Cassation on 6 November 2013. In the meantime, the Paris Commercial Court issued a stay in proceedings and the arbitral procedure was suspended. The proceedings before the Paris Commercial Court recommenced on 12 November 2013 with submissions made in early 2014.

3.11. Other shareholders' equity

Advances with specific conditions attached correspond to public funding obtained for several products in development:

- An advance received from OSEO concerning the clinical program for Livatag®, the balance of which at 31/12/2013 was 220,000 Euros. A repayment of 100,000 Euros was made in 2013, and the balance will be paid in installments until 30/09/2015.
- An advance from OSEO-ISI for the development of the AMEP® program, the balance of which at 31 December 2013 stands at 1,634,027 Euros. Repayment is subject to the commercial success of the program.
- An OSEO advance paid under the Validive® program, reimbursable at several dates by 2014 and whose balance at 31 December 2013 stood at €82,500.
- A BPI France advance to be received under the Livatag® program (NICE consortium), reimbursable at several dates by 2023 and whose balance at 31 December 2013 stood at €1,404,372.

3.12. Trade payables

Trade payables increased from 3,332,479 Euros at 31 December 2012 to 4,112,405 Euros at 31 December 2013. The change in trade payables is mainly the result of the increase in research and development expenses associated with the internationalization of the Phase II Validive® clinical trial and the acceleration of the Phase III Livatag® trial, as well as the seasonality of certain operating expenses.

3.13. 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 until the anticipated date of marketing authorization being obtained. The balance at 31 December 2013 amounts to €1,320,425 broken down as follows:
- NovaMed agreement: 185,985 Euros
- Sosei agreement: 895,475 Euros
- Grants: 238,965 Euros

4. Notes on the profit and loss account

4.1. Net sales

Net sales for the 2013 financial year came to €643,656 and are broken down as follows:

- Sale of goods to commercial partners: 331,557 Euros
- Intercompany services: 75,679 Euros
- Export services: 181,280 Euros
- Other: 55,140 Euros

4.2. Operating grants

Operating grants for 2013 total 242,950 Euros, mainly consisting of the support programs mentioned in paragraph 3.11.

4.3. Other income

Other income relates to the recognition in income of sums received within the context of licensing agreements signed for Loramyc® (allocation of monies received on signature and royalties on sales).

4.4. Operating expenses

The operating expenses for the year rose from €17,575,994 in 2012 to €19,812,638 in 2013. This increase is mainly explained by the following changes:

- The increase in R&D costs is explained by the roll-out and internationalization of the clinical programs with Validive® and Livatag®.
- Reduction in taxes associated with the payment of a tax for the submission of the Sitavig® file to the FDA in 2012.

The CICE competitiveness and employment tax credit is recognized against personnel costs.
Expense transfers amounted to 392,562.41 Euros of which 372,931.24 Euros is related to capital increase expenses for the period.

4.5. Financial income

Financial income mainly consists of reversals of financial provisions of 39,665 Euros, coupons received from negotiable medium-term notes of 75,204 Euros, foreign exchange gains of 189,978 Euros, interest from term deposits of 63,468 Euros and proceeds from advances.

Financial expenses mainly consist of financial provisions of 1,171,952 Euros and foreign exchange losses for the period of 276,536 Euros.

4.6. Exceptional items

There was exceptional income of 144.111 Euros, which mainly corresponds to allocations to and reversals of provisions.

4.7. Corporate income tax

The tax receivable of €2,389,161 corresponds to the amount of the research tax credit.

BioAlliance Pharma had a tax loss carry forward of 136 million Euros, 103 million Euros of which as head of the tax consolidation group including the accumulated tax losses of Laboratoires BioAlliance Pharma.

5. Off-balance-sheet commitments

5.1. Post-employment benefit obligations

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: 31/12/13
Mortality table INSEE 2013
Discount rate 3.30 %
Rate of salary increase: (salary increase + inflation rate) 3%
Turnover rate: By age category:
Social charges rate: 46%

At 31 December 2013, post-employment benefits obligations totaled €357,645.

5.2 Statutory individual training entitlement (DIF)

Employee entitlement amounts to 4,415 hours.

6. Remuneration of corporate officers

Remuneration of corporate officers amounts to 938,085 Euros.
Their post-employment benefits stand at 62,713 Euros.

7. Related Parties

Transactions with other companies related to the Group concern only those companies included in the scope of consolidation. These essentially involve the sale 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 €	31/12/13	12/31/2012
Assets	1,718,692	2,746,353
Liabilities	272,918	16,032
Income	88,807	94,638
Expenses	121	0

Concerning regulated agreements:
Fees and expenses concerning PJL Conseils' consultancy contract authorized by the Board of Directors on 17 July 2013 amounted to 24.000 Euros.

FIXED ASSETS

	Opening gross value 2013	INCREASES	
		Remeasurement in 2013	Acquisitions in 2013
Formation and development costs			
Other intangible assets	620,986		
TOTAL INTANGIBLE FIXED ASSETS	**620,986**		
Land			
Construction on own land			
Leaseholds			
Facilities, fixtures and fittings			
Plant & equipment	836,451		22,698
Other facilities, fixtures and fittings	2,162,359		23,015
Transport equipment			
Office and computer equipment	549,694		
Recoverable packaging and other			
Property, plant and equipment in progress			
Advances and prepayments			
TOTAL TANGIBLE FIXED ASSETS	**3,548,505**		**45,713**
Holdings valued using the equity method			
Other equity holdings	14,651,918		1,400,000
Other long-term securities	25,147		340,017
Loans and other financial assets	434,206		312,885
TOTAL LONG-TERM INVESTMENTS	**15,111,271**		**2,052,903**
GRAND TOTAL	**19,280,762**		**2,098,616**

	DECREASES		Closing gross 2013	Original value
	Current a/c deposits 2013	Current a/c xfers 2013		
Formation and development costs				
Other intangible assets			620,986	
TOTAL INTANGIBLE FIXED ASSETS			**620,986**	
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant & equipment			859,149	
Other facilities, fixtures and fittings			2,185,374	
Transport equipment				
Office and computer equipment			549,694	
Recoverable packaging and other				
Property, plant and equipment in progress				
Advances and prepayments				
TOTAL TANGIBLE FIXED ASSETS			**3,594,218**	
Holdings valued using the equity method				
Other equity holdings			16,051,918	
Other long-term securities		306,652	58,512	
Loans and other financial assets		367,397	379,695	
TOTAL LONG-TERM INVESTMENTS		**674,049**	**16,490,125**	
GRAND TOTAL		**674,049**	**20,705,329**	

DEPRECIATION AND AMORTIZATION

Position and changes during the year	Amount at start 2013	Increases	Decreases	Amount at end 2013
Formation, research and devt. costs				
Other intangible assets	588,467	9,734		598,201
TOTAL INTANGIBLE FIXED ASSETS	**588,467**	**9,734**		**598,201**
Land				
Construction on own land				
Leaseholds				
Facilities, fixtures and fittings				
Plant & equipment	690,847	73,905		764,752
Facilities, fixtures and fittings	1,110,736	202,497		1,313,233
Transport equipment				
Office and computer equipment	524,005	16,472		540,476
Recoverable packaging and other				
TOTAL TANGIBLE FIXED ASSETS	**2,325,588**	**292,873**		**2,618,461**
GRAND TOTAL	**2,914,055**	**302,607**		**3,216,662**

Depreciable assets	ALLOWANCES			REVERSALS			Net mvt. in deprec. allowances at year end
	Tax term coefficient	Declining balance method	Special tax depreciation	Tax term coefficient	Declining balance method	Special tax depreciation	
Formation, R&D costs							
Other intangible assets							
TOTAL TANGIBLE ASSETS							
Land							
Construction on own land							
Leaseholds							
Facilities, fixtures and fittings							
Tech. equipment and machinery							
Facilities, fixtures, improvements							
Transport equipment							
Office and computer equipment							
Recoverable packaging and other							
TOTAL TANGIBLE ASSETS							
Cost of acquisition of equity securities							
GRAND TOTAL							

TOTAL unclassified				

Charges spread over several years	Amount at start 2013	Increases	Depreciation and amortization	Amount at end 2013
Loan issue costs to be amortized				
Loan redemption premiums				

PROVISIONS

Type of provisions	Amount at start 2013	Increases: Charge the year	Decreases: Used during the year	Decreases: Not Used during the year	Decreases: Reversals the year	Amount at end 2013
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	39,665	11,634			39,665	11,634
Provisions for pensions and similar obligations						
Provisions for taxes						
Provisions for capital renewal						
Provisions for major repairs and overhauls						
Prov. for tax and soc. chgs on holiday pay						
Other provisions for contingencies and losses	413,805	25,790	276,000		61,774	101,821
TOTAL PROV. FOR CONTINGENCIES AND LOSSES	**453,469**	**37,424**	**276,000**		**101,438**	**113,455**
Provisions for depreciation						
On intangible fixed assets						
On tangible fixed assets						
On capitalization of securities valued using equity method						
on long-term investments in equity capital	14,651,918	1,160,318				15,812,236
On other financial assets						
On inventories and work in progress						
On trade receivables	56,430	188,655				245,085
Other depreciation provisions	2,660,592	28,199			1,053,988	1,634,803
TOTAL PROVISIONS FOR IMPAIRMENT	**17,368,941**	**1,377,172**			**1,053,988**	**17,692,124**
GRAND TOTAL	**17,822,410**	**1,414,595**	**276,000**		**1,155,426**	**17,805,579**

of which operating allowances and reversals	216,853	1,053,988
Of which operating allowances and financial reversals	1,171,952	39,665
Of which operating allowances and exceptional reversals	25,790	337,774

Securities valued by equity method: amount of depreciation at end of period	

MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES	Gross amount	Less than 1 year	More than 1 year
Receivable from investments			
Loans (1) (2)			
Other financial assets	379,695	207,348	172,347
Doubtful or contentious receivables	293,613		293,613
Other trade receivables	308,330	308,330	
Receivables on loaned securities			
Personnel	4,900	4,900	
Social security and other social entities	21,028	21,028	
Corporate income tax	2,389,161	2,389,161	
Value added tax	936,118	936,118	
Taxes other than on income			
Miscellaneous	1,538,249	1,538,249	
Group and shareholders (2)	1,634,803	1,634,803	
Miscellaneous receivables	626,553	626,553	
Prepaid expenses	678,175	678,175	
TOTAL RECEIVABLES	**8,810,625**	**8,344,665**	**465,960**

(1) Amount of loans granted during the period

(1) Amount of repayments received during the period

(2) Loans and advances granted to shareholders (natural persons)

PAYABLES	Gross amount	Less than 1 year	More than 1 year Maximum 5 years	More than 5 years
Convertible bonds (1)				
Other bonds (1)				
Bank debt 1 yr or less	8,652	8,652		
Bank debt over 1 yr				
Other debt	290,037	290,037		
Trade payables	4,112,405	4,112,405		
Personnel	636,529	636,529		
Social security and other social entities	632,136	632,136		
Corporate income tax				
Value added tax	10,555	10,555		
Secured liabilities				
Other taxes	367,474	367,474		
Liabilities on fixed assets and related items	7,681	7,681		
Group and shareholders (2)				
Other liabilities	256,765	256,765		
Debt representing borrowed securities				
Deferred revenue	1,320,425	769,365	551,060	
PAYABLES	**7,642,660**	**7,091,600**	**551,060**	

(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 from investments	
- Other financial assets	
Receivables	
- Trade receivables and related items - Other receivables	**625 222**
Marketable securities	**11,879**
Cash	**470**
TOTAL	**637,570**

ACCRUED EXPENSES

Nature of expenses	Amount
Convertible bonds	
Other bonds	
Loans and debts with credit institutions	5,708
Other debt	290,037
Customer prepayments	
Trade payables	2,718,029
Accrued taxes and personnel costs	1,044,957
Liabilities on fixed assets and related items	7,681
Other liabilities	
TOTAL	**4,066,411**

DEFERRED REVENUE AND PREPAID EXPENSES

Nature of expenses	2013	2012
Operating expenses		
Prepaid expenses on operating items	678,175	778,481
Financial expenses:		
Exceptional expenses:		
TOTAL PREPAID EXPENSES	678,175	778,481
Comparative BALANCE SHEET (Assets: 2050 section CH)	678,175	778,481

Nature of income	2013	2012
Operating income		
Deferred revenue on operating items	1 320 425	2 008 636
Financial income		
Exceptional income		
TOTAL DEFERRED INCOME	**1 320 425**	**2 008 636**
Comparative BALANCE SHEET (Liabilities: 2051 section EB)	**1 320 425**	**2 008 636**

TOTAL DEFERRED REVENUE AND PREPAID EXPENSES	**(642,250)**	**(1 230 154)**

BREAKDOWN OF SHARE CAPITAL

Securities category	Number of securities			Nominal value
	Closing year end	Created during the year	Redeemed during the year	
Common shares	20 682 992	3 023 277		0.25
Shares redeemed				
Priority dividend shares				
Preferential shares				
Shares				
Investment certificates				

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	1/1/2013	Capital increase	Capital increase	Appropriation of net income Y-1	Other movements	Income/(loss) Y	31/12/13
Capital in number of shares							
Nominal value							
Share capital	4,414,929	755,819					5,170,748
Additional paid-in capital	118,081,366	9,949,040			13,715		128,044,120
Revaluation reserves							
Legal reserve							
Statutory or contractual reserves							
Regulated reserves							
Other reserves							
Retained earnings	(99,462,935)			(10,417,994)			(109,880,930)
Income for the period	(10,417,994)			10,417,994		(15,022,175)	(15,022,175)
Capital grants	189,618				(36,700)		152,919
Regulated provisions							
Dividends paid							
Total shareholders' equity	12,804,983	10,704,859			(22,985)	(15,022,175)	8,464,683

BREAKDOWN OF NET SALES

Breakdown of net sales	2013			2012		
	France	Export	Total	France	Export	Total
Sales of goods held for resale		331,557	331,557		436,717	436,717
Income from ancillary activities	109,487	202,613	312,099	109,324	365,174	474,498
TOTAL	**109,487**	**534,169**	**643,656**	**109,324**	**801,891**	**911,215**

LEASES

FIXED ASSETS	Opening	Depreciation and amortization		Net value
		Year end	Cumulative	
Land				
Buildings				
Plant & equipment	74,130	14,826	67,952	6,177
Other tangible assets	117,620	25,464	38,323	79,296
Tangible assets in progress				
TOTAL	**191,750**	**40,290**	**106,276**	**85,474**

LEASE COMMITMENTS	Amounts paid		Amounts outstanding				Residual purchase price
	Year end	Cumulative	> 1 year	1 to 5 years	> 5 years	Total	
Land							
Buildings							
Technical installations	17,307	79,323	7,211			7,211	741
Other tangible assets	29,059	42,874	32,187	75,787		107,974	100
Tangible assets in progress							
TOTAL	**46,366**	**122,196**	**39,398**	**75,787**		**115,185**	**841**

AVERAGE HEADCOUNT

Category	Average salaried headcount		Average headcount available		Total	
	2013	2012	2013	2012	2013	2012
Executives	42	42			42	42
Supervisors						
Employees and technicians	9	11			9	11
Other:						
Total	**51**	**53**			**51**	**53**

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		
Receivable from investments		1,634,803
Loans		
Receivables		
Advances and prepayments on orders		
Trade receivables and related items		83,889
Other receivables		
Subscribed, called, unpaid share capital		
Liabilities		
Convertible bonds		
Other bonds		
Loans and debts with credit institutions		
Other debt		
Customer prepayments		
Trade payables		16,153
Other liabilities		256,765
Financial items		
Income from investments		
Other financial income		13,128
Financial expenses		121
Other		
Operating income		75,679
TOTAL		**2 080 538**

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 redeemed	Amount of security and guarantees given by the Company	Net sales excluding 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	336,837		100	16,000,000					(97,155)	
BIOALLIANCE PHARMA SWITZERLAND	81,840	(194,664)	100	31,918		159,803			(8,456)	
SPEBIO	40,000	(3 916 412)	50	20,000		1,475,000			(86,788)	

FIVE-YEAR SUMMARY OF RESULTS

Type of indicator	2009	2010	2011	2012	2013
Share capital at year end					
Share capital	3 224 583	3 384 018	4 414 929	4 414 929	5 170 748
Number of common shares outstanding	12 898 334	13 536 072	17 659 715	17 659 715	20 682 992
Number of preference shares outstanding					
Maximum no. of future shares to be created:					
By conversion of bonds					
By exercise of subscription rights					
Operations and results for the period					
Net sales, excluding VAT	913,000	1,653,357	1,182,769	911,214	643,656
Earnings before tax, employee profit-sharing depreciation and provisions	(8 847 030)	3,636,579	(14 874 396)	(11 778 599)	(17,162,260)
Corporate income tax	(1 829 922)	(1 456 276)	(1 032 677)	(1 978 587)	(2,389,161)
Employee profit sharing for the period					
Earnings after tax, employee profit-sharing depreciation and provisions	(22 398 410)	3,831,450	(14 613 225)	(10 417 994)	(15 022 175)
Dividends					
Earnings per share					
Earnings after tax, employee profit-sharing but before depreciation and provisions	-0.54	0.38	-0.78	-0.55	-0.71
Earnings after tax, employee profit-sharing depreciation and provisions	-1.74	0.28	-0.83	-0.59	-0.73
Dividend per share					
Personnel					
Average headcount during the period	65	61	59	53	51
Gross payroll	4,308,010	4,695,184	5,023,815	3,698,761	3 945 900
Amounts paid for employee benefits	2,063,429	2,085,017	2,201,092	1,850,493	1 944 581

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 2013 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 to express our opinion on these accounts in accordance with the findings of our audit.

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. 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.

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 1 "Accounting rules and methods" of the notes to the financial statements regarding the conditions of application of the principle of a going concern.

2 Justification of our assessments

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:

- As mentioned in the first part of this report, the note 1 “Accounting rules and methods” of the notes describes the conditions of application of the principle of a going concern.

- Based on the information we received, we examined the consistency of cash flow forecasts used in the financial plan. We also checked that the note 1 in the notes provides adequate information.

- The note 1.9 “Licenses granted to third parties” in the notes presents the method used to record payments due under the signing of a licensing agreement. We verified the appropriateness of this method and checked its correct implementation. Our work consisted in verifying the reasonableness of estimates and assumptions on which the revenue recognition related to these agreements are based.

These appraisals are part of our approach to the audit to the annual accounts, taken as a whole, and therefore contributed to the information 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 Defense, 18 March 2014

The Statutory Auditors

Grant Thornton **French member of Grant Thornton International**	**ERNST & YOUNG Audit**
Jean-Pierre Colle	Beatrice Delaunay

6.5 Other financial information

Date of latest financial information

27 February 2013 Publication of press release on the audited 2013 parent company financial statements approved by the Board of Directors on 25 February 2013.

Interim and other financial data

None

Dividend 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

During the preceding fiscal year, we have not been advised of any agreement or commitment subject to prior authorization from the General Meeting, pursuant to Article L. 225-38 of the French Commercial Code.

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 purpose

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 €3,546 pre-tax.

2.2 With PJL Conseils EURL

2.2.1 Person concerned

Mr Patrick Langlois, Chairman of BioAlliance Pharma's Board of Directors and General Partner at PJL Conseils EURL.

2.2.2 Nature and purpose

Contract of consulting between your Company and PJL Conseils EURL, authorized by your Board of Directors on July 17, 2012.

2.2.3 Terms

This contract covers strategy and communication consulting services related to your Company's development and growth creation strategy.

Under this contract, your Company recorded charges in the amount of €25,519 in respect of fees and related expenses as of 31 December 2013.

Paris-La-Defense and Paris, 18 March 2014

The Statutory Auditors

ERNST & YOUNG Audit	Grant Thornton Membre Français de Grant Thornton International
Béatrice Delaunay	Jean-Pierre Colle

6.7 Report of the independent third party on the social, environmental and societal information contained in the consolidated management report

To the shareholders,

In our role as third-party independent body, COFRAC accreditation number 3-1050 and member of the network of one of the statutory auditors of BioAlliance Pharma, we hereby present our report on consolidated labor, social and environmental information for the financial year ended 31 December 2013 as presented in the management report, hereafter "CSR Information", pursuant to Article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the duty of the Board of Directors to produce a management report containing CSR Information as set out in Article R. 225-105-1 of the French Commercial Code and in accordance with the guidelines adopted by the Company (hereafter the "Guidelines").

Independence and quality control

Our independence is defined by regulations, the profession's code of ethics and the provisions set out in Article L. 822-11 of the French Commercial Code. We have furthermore implemented a quality control system which includes documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and applicable laws and regulations.

Responsibility of the independent third-party body

It is our role on the basis of our work:

To certify that the required CSR information is presented in the management report or is otherwise covered by an explanation pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of CSR information);

To express a conclusion of moderate assurance that the CSR Information as a whole is presented in respect of all its significant aspects in a true light and in accordance with the adopted Standards (Reasoned opinion on the fairness of CSR information).

Our work was carried out by a team of three people during February 2014 over a period of approximately one week.

The work described below was carried out in accordance with professional standards applicable in France and with the ministerial decree dated 13 May 2013 which sets out the terms under which the independent third-party body performs its engagement and, regarding the reasoned opinion of fairness, in accordance with the international ISAE 3000 standard5.

1. Statement of completeness of CSR Information

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy with respect to the impact of the company's activity on its employees and the environment and in terms of its social commitments and any related activities or programs.

We compared the CSR Information presented in the management report with the list set out in Article R.225-105-1 of the French Commercial Code.

Where certain consolidated Information was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3, of the French Commercial Code.

We have verified that the CSR Information covers the scope of consolidation, namely the company, its subsidiaries as defined by Article L.233-1 of the French Commercial Code and the entities it controls as defined by Article L.233-3 of the same Code.

On the basis of this work, we certify that the required CSR Information in the management report is complete.

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5 ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We conducted three interviews with those responsible for preparing the CSR Information, those in charge of the information collation processes and, where appropriate, those responsible for internal control and risk management procedures, in order to:

Assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility, where necessary taking into account good market practice;

Verify the implementation of a data collection, compilation, processing and control procedure that is designed to produce complete and consistent CSR Information and familiarize ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in light of the company characteristics, the impact of its activities on its employees and the environment, its sustainable development policy and good market practice.

With regard to the CSR Information considered by us to be the most important6, at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, initiatives, etc.) and applied analytical procedures to the quantitative information and, using sampling techniques, verified the calculations and the consolidation of the data and also verified their consistency and concordance with the other information included in the management report.

For the other consolidated CSR information, we assessed consistency based on our understanding of the company.

Finally, we also assessed the pertinence of explanations given for any information that was not disclosed, either in whole or in part.

In our professional opinion, we believe that the sampling methods and sample sizes used allow us to express moderate assurance; a higher level of assurance would require more extensive work. Because of the use of sampling techniques and other limitations inherent to the operation of any information and internal control system, we cannot completely rule out the possibility that we have failed to detect a material irregularity in the CSR Information.

Conclusion

Based on our work, no material irregularities were uncovered which would undermine the assertion that the CSR Information, taken as a whole, is presented fairly and in accordance with the Guidelines.

Paris-La Défense, 26 February 2014

The Independent Third-party Body
ERNST & YOUNG & Associés

Christophe Schmeitzky
Partner, Sustainable Development

Bruno Perrin
Partner

[6] **Environmental and social information**: general policy covering the environment (employee training and information initiatives, resources dedicated to the prevention of hazards and pollution), pollution and waste management (preventive, recycling and waste elimination measures); the scale of subcontracting and the recognition in purchasing policy and in supplier and subcontractor relationships of the importance of social and environmental issues and of fair practices (initiatives implemented to prevent corruption and measures taken to promote consumer health and safety).
Labor information: employment (total workforce and distribution, recruitments and dismissals), absenteeism, occupational health and safety, working accidents (notably frequency and seriousness), occupational illnesses and total number of training hours.

7. ADDITIONAL FINANCIAL AND LEGAL INFORMATION

7. ADDITIONAL FINANCIAL AND LEGAL INFORMATION

7.1 Share capital and the stock market

7.1.1 BioAlliance Pharma and its shareholders

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: Reference Document, annual financial statements, half-yearly report, shareholder reports, the Company's Articles of Incorporation, the Board's 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 Legales Obligatoires* (BALO) [in French only] and, in accordance with regulations, disseminates the interim and annual reports required of a listed company. 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 regular meetings for financial analysts and business reporters to explain, in an interactive forum, the Company's challenges, products, projects and results.

In 2013, BioAlliance Pharma held nearly 150 individual meetings with institutional investors, the majority in France but also in Europe and the United States.

The annual report presented and filed as a reference document with the French financial markets authority, the *Autorite des Marches Financiers* (AMF), and the report on the interim financial statements are widely distributed within the financial community.

CALENDAR 2014

27 February 2014	Publication of the consolidated financial statements for 2013
28 February 2014	SFAF meeting in Paris
15 April 2014	Publication of net sales for Q1 2014
22 September 2014	Publication of interim financial report
23 September 2014	SFAF meeting at head office
07 November 2014	Publication of net sales for Q3 2014

7.1.2 Ownership structure of BioAlliance Pharma

As of 31 December 2013, the capital of the Company is composed of 89.42% bearer and 10.58% 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 2013.

Shareholders	**Shares**		**Voting rights**	
	Number of shares	% of equity	Number of voting rights	% of equity
Financière de la Montagne	2,805,570	13.56%	2,805,570	13.57%
IDInvest Partners	1,076,395	5.20%	1,076,395	5.20%
Other	16,801,027	81.23%	16,799,027	81.23%
Total 31/12/2013	**20,682,992**	**100.00%**	**20,681,992**	**100.00%**

During the financial year 2013, the shareholding structure changed, with the percentage held by natural persons rising from 40 to 50%. The ten largest shareholders account for nearly 35% of the capital and the two largest, also Company directors, account for nearly 19% of the capital and voting rights. During the capital increase in July 2013, Financière de la Montagne, the Company's largest shareholder, crossed the 10% threshold.

No shareholders' agreement was reported to the Company.

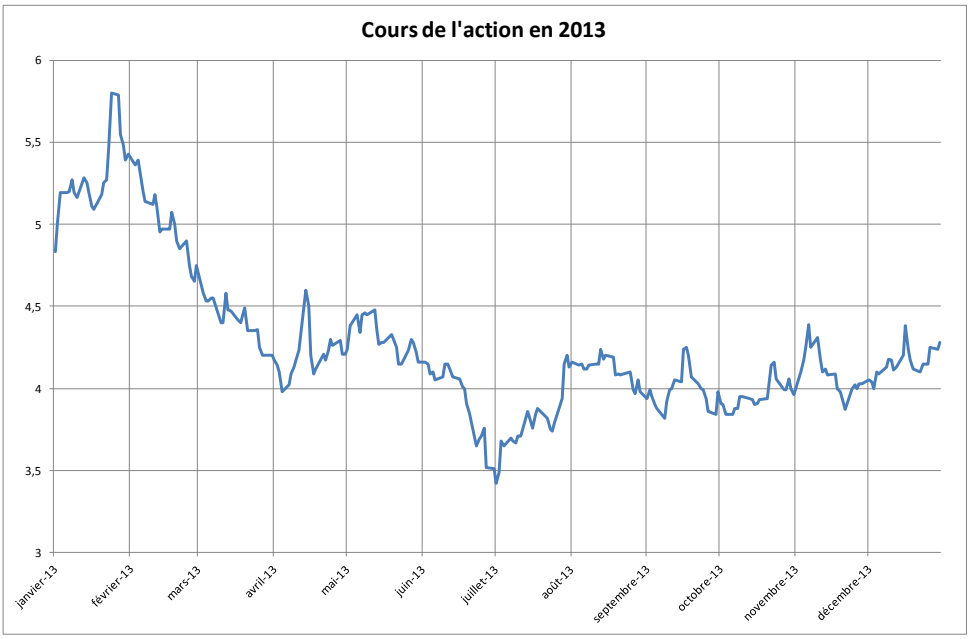
7.1.3 Stock price trend and other information about the share capital

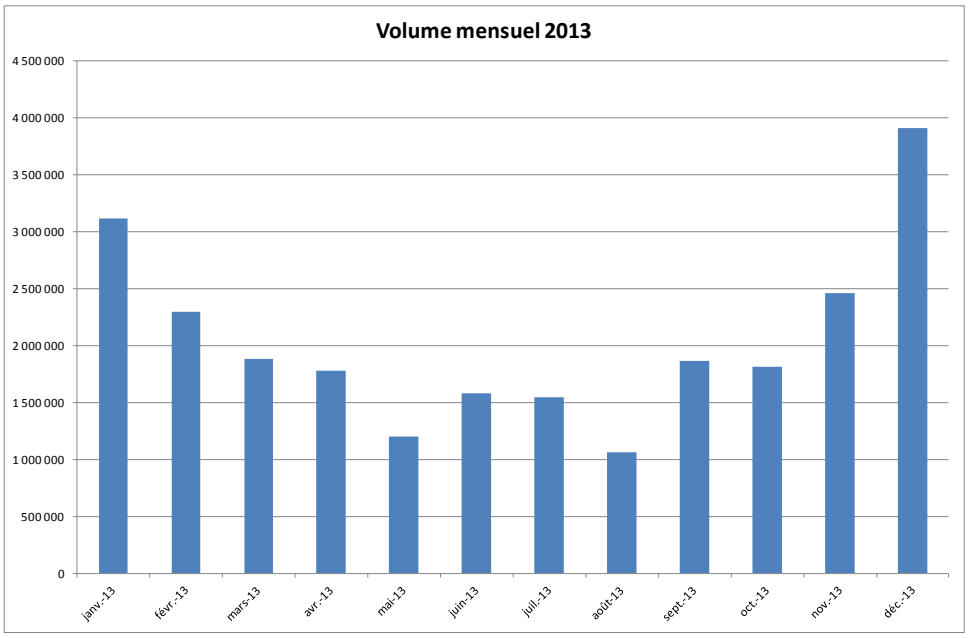
The Company's shares were listed on the Eurolist market of Euronext Paris (sub-fund C) on 7 December 2005. Previously, the shares were not quoted on any French or foreign stock market.

In fiscal 2013, the share price reached its lowest level at €3.42 on 2 July 2013, closing on 31 December 2013 at €4.28. The highest price reached was €5.80 on 25 January 2013.

Price movement and transaction volume

The tables below trace the price trends and the share's transaction volume for the period between 2 January 2013 and 31 December 2013 (prices NYSE Euronext Paris).





Stock market data

	31/12/2013
Market capitalization at year end (*in millions of Euros*)	88.50
Share price (in Euros)	
• High	5.80
• Low	3.42
Share price at year end (*in Euros*)	4.28

Dividends

BIOALLIANCE PHARMA shares

Financial year	Number of shares	Dividends paid out for the period
2010	13,536,072	-
2011	17,659,715	-
2012	17,659,715	-
2013	20,682,992	

7.2 Additional information on BioAlliance Pharma

7.2.1 History

1997. Company founded on 5 March 1997.

1999-2005. The Company has financed the development of its first programs, and especially its first clinical trials on products resulting from two patented technologies - Lauriad® mucoadhesive oral technology and Transdrug™ nanoparticulate technology, thanks to several venture capital funds raised. This made possible to finalize and file a registration application in France for Loramyc®, the first product entirely developed by the Company.

2005. The Company was floated on the Euronext Paris market on 7 December 2005.

2006-2008. Grant of the Marketing Authorization (MA) for Loramyc® in France (October 2006) and in 11 other European countries (2008). Launch of Loramyc® in 2007 on the French market: Agreement with PAR Pharmaceutical, for commercialization rights of Oravig® in the United States (2007) and completion of a pivotal Phase III trial with this product in the United States (2008).

2009. Three new products entered the clinical phase: two based on Lauriad® technology: fentanyl Lauriad® (Phase I) for severe chronic cancer pain; clonidine Lauriad® (Phase II) for the treatment of oral 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. Commercialization of Oravig® in late August by Strativa Pharmaceuticals, the Supportive Care Products division of Par Pharmaceutical®. Grant of 13 new MAs for Loramyc® in Europe, bringing to 26 the number of European countries in which the product is registered.

License agreement with the Therabel Pharma group for commercialization of Loramyc® and Setofilm® in Europe, including France, and transfer of all of sales and marketing operations. To market Loramyc®/Oravig® in the rest of the world, 2 other partnerships concluded with Handok and NovaMed in Asia.

At the same time, the Company conducted a pivotal Phase III trial on Sitavig® for the treatment of recurrent orofacial herpes.

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 Greciet 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® and to reinforce the Company's orphan drugs portfolio.

2012. The year was marked by the progress of clinical development of the Orphan Products in Oncology portfolio's three most-advanced products: 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).

The company signed an initial licensing agreement with Abic Marketing Limited, a subsidiary of Teva Pharmaceutical Industries Limited group, for the marketing of Sitavig® in Israel; a licensing agreement with Vestiq Pharmaceuticals to commercialize Oravig® in the United States; and a contract with the company Shafayab Gostar for distribution of Loramyc® in Iran.

2013. Continuation of the "ReLive" Phase III trial with Livatag® (doxorubicin Transdrug™) in France and authorization from the regulatory authorities to conduct the trial in the United States and 7 other countries in Europe. Confirmation at this stage of the product's good tolerance profile by the Committee of Independent Experts responsible for monitoring tolerance. Active pursuit of the Phase II trial with Validive® (clonidine Lauriad®) in the United States and Europe. Registration of Sitavig® in the United States. Capital increase of €8.4 million to accelerate and finalize the phase II trial with Validive®.

2014 up to the date of this report

Fast-track status awarded to Validive® by the Food and Drug Administration (FDA) in the prevention and treatment of oral mucositis induced by radiotherapy and/or chemotherapy in patients undergoing cancer treatment. Two license agreements signed to commercialize Sitavig®: with the American company Innocutis in North America and with Daewoong Pharmaceutical Co., Ltd in South Korea. Marketing authorization received for Sitavig® in France and Germany.
In the United States, after one year of marketing by American partner Vestiq Pharmaceutical, the sales performance of Oravig® was not meeting the expectations. Consequently, BioAlliance Pharma announced on April 1st, 2014, regain of full U.S. commercialization rights for Oravig® as well as the New Drug Application.

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 (*societe 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 Incorporation, 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 info-finacière.fr of the official journals or may be obtained by request from Nicolas Fellmann, Chief Financial Officer, by e-mail: contact@bioalliancepharma.com.

Corporate purpose

According to Article 2 of its Articles of Incorporation, the Company's purpose is:

- The design, research and development of healthcare products from their creation up to marketing authorizations being 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 Articles of Incorporation 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 Societe Generale, at the following address: Societe Generale 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: code ISIN 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 Incorporation)

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 2013, the Company received notification that the holding of the company ING Groep N.V. had dropped below the threshold on 19 August 2013. On this date, ING Groep N.V. held 1,012,232 shares, some 4.9% of the Company's share capital.

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: Report by the Chairman of the Board on internal control;
- Chapter 5 of the Reference Document: existence of Independent Directors on the Board and specialist 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 Chapter 5 of this reference document as it relates to executive remuneration, and (ii) in Note 18 to the consolidated financial statements, in Chapter 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 m^2, 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 Chatenay-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 Chatenay-Malabry School of Pharmacy. This laboratory, which occupies an area of approximately 60 m^2 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 bid:

- The Company's capital structure has no characteristic likely to have an impact in the event of a takeover bid;

- 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 Company's Articles of Incorporation, 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 notably include collaboration or licensing contracts 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.

7.2.2.2 Additional information on the share capital

At 31 December 2013, the Company had share capital of €5,170,748 divided into 20,682,992 shares with nominal value of €0.25 each, all of the same class, fully subscribed and paid. They represent 20,669,321 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 €5,170,748 divided into 20.682.992 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 was given for a period of eighteen months by the Ordinary and Extraordinary Shareholders' Meeting of 31 May 2012 under the terms of the seventh resolution and subsequently renewed for a period of eighteen months by the Ordinary and Extraordinary Shareholders' Meeting of 26 June 2013 under the terms of the ninth resolution.

During the year ended 31 December 2013, the Board of Directors successively implemented the program authorized by the General Meeting of 31 May 2012, then from 27 June 2013 onwards, the program authorized by the General Meeting of 26 June 2013, 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 2013, 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 date of this report. trading expenses amount to 27,000 euros per year.

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	Number of shares sold	Average purchase price	Average selling price	Number of shares registered on behalf of the Company	% of capital
Buyback program	0	0	0	0	0	0
Liquidity agreement						
January 2013	76,047	71,133	5.30	5.30	10.197	0.06%
February 2013	80,965	52,475	4.98	5.02	38.687	0.21%
March 2013	34,430	35,986	4.40	4.53	37.131	0.20%
April 2013	63,981	83,112	4.25	4.26	18.000	0.10%
May 2013	60,165	44,520	4.25	4.32	33.645	0.19%
June 2013	82,474	90,841	3.91	3.94	25.278	0.14%
July 2013	39,749	63,015	3.65	3.69	2.012	0.01%
August 2013	76,308	57,951	4.09	4.09	20.369	0.10%
September 2013	85,203	78,165	3.99	4.00	27.407	0.13%
October 2013	96,481	86,152	3.99	3.94	37.736	0.18%
November 2013	112,130	91,888	4.15	4.18	57.978	0.28%
December 2013	88,334	132,641	4.16	4.20	13.671	0.07%
Total 2013	**896,267**	**887,879**	**4.27**[1]	**4.25**[1]	**322.111**	

(1) (Yearly weighted average)

At 31 December 2013, the Company held 13,671 treasury shares with a nominal value of €3,417.75 and a value of €56,390 as measured by the share purchase price.

Shares held by the Company (excluding liquidity contract)

At 31 December 2013, the Company held no treasury shares.

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.

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 Chapter 5 of this reference document.

In addition, the extraordinary General Meeting of 26 June 2013 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 canceled shares and their nominal value against available premiums and reserves [resolution 9 of the EGM of 26 June 2013];

(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 €1,360,000, representing 5.4 million shares or 30% of the share capital at 31 March 2013 [resolution 11 of the EGM of 26 June 2013];

(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, benefiting qualified investors or a restricted circle of investors, for a period of 26 months and within a maximum ceiling of €910,000, representing 3.6 million shares or 20% of the share capital at 31 March 2013, 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 12 of the EGM of 26 June 2013];

(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 eleventh and twelfth 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 13 of the EGM of 26 June 2013];

(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 14 of the EGM of 26 June 2013];

(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 283,000 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 €70,750, i.e. a

maximum dilution of 1.60 % relative to the Company's share capital at 31 March 2013 [resolution 15 of the EGM of 26 June 2013];

(7) 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 0.55 % in relation to the Company's share capital at 31 March 2013 [resolution 17 of the EGM of 26 June 2013].

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 during the financial year ended 31 December 2013.

SUMMARY TABLE OF DELEGATIONS REGARDING CURRENTLY VALID CAPITAL INCREASES GRANTED BY THE GENERAL SHAREHOLDERS MEETING TO THE BOARD OF DIRECTORS

Period ended 31 December 2013

	Term of validity/ expiration date	Ceiling (nominal amount)	Use made of delegation
Delegations approved by the General Meeting of 31 May 2012			
Delegation of authority to the Board of Directors to issue shares or securities granting immediate or future access to capital with removal of shareholders' preferential subscription rights, by offers to qualified investors or to a restricted circle of investors within the meaning of paragraph II of Article L. 411-2 of the French Monetary and Financial Code	26 months 31 July 2014	€875,000 (3.5 million shares) within a limit of 20% of the capital per year	This delegation was used by the CEO on 25 January 2013 via subdelegation provided by the Board of Directors on 14 November 2012. The CEO decided to issue in favor of Société Générale within the context of a PACEO equity financing facility 1,765,000 share purchase warrants each comprising the right to subscribe one share in the Company at a nominal value of 0.25 euros each at a unit price of 95% of the weighted average price of the 3 consecutive stock market sessions, rounded up to the second decimal, following receipt by Société Générale of a drawdown request, representing a maximum nominal capital increase amount of 441,250 euros.
Delegations approved by the General Meeting of 26 June 2013			
Delegation of authority to the Board of Directors to issue shares or securities granting immediate or future access to capital with retention of shareholders' preferential subscription rights (eleventh resolution)	26 months 26 August 2015	€1,360,000 (5.4 million shares)	This delegation was used in July 2013: capital increase with retention of preferential subscription right of a nominal amount of 624,240 euros, increasing capital from 4,539,928.75 euros to 5,164,168.75 euros, by the issue at the price of 3.50 euros each, issue premium included, of 2,496, 960 shares, representing a total subscription amount, issue premium included, of 8,739, 360 euros,
Delegation of authority to the Board of Directors to increase the amount of each issue, with or without preferential subscription rights, which may be approved under either of the above delegations	26 months 26 August 2014	10% of the initial issue	The Board of Directors used this delegation within the context of the capital increase with retention of preferential subscription rights carried out in July 2013.
Delegation of authority to the Board of Directors to issue a maximum number of 100,000 BSAs (share purchase warrants) in favor of members of the Board of Directors exercising their function as of the date of allocation of the BSAs who are not employees or executive officers of the Company or of any of its affiliates	18 months 26 December 2014	100,000 BSAs granting entitlement to 100,000 shares representing a maximum nominal amount of €25,000	The Board of Directors made use of this delegation on 19 September 2013 and proceeded with the issue at the price of 0.40 euros each of 85,000 BSAs in favor of the five independent directors: Patrick Langlois, Danièle Guyot-Caparros, Russel Greig, David H. Solomon and Thomas Hofstaetter. Each BSA gives entitlement to purchase one share at the price of 4.01 euros each.

Stock options and share purchase

On 17 July 2013 and 29 January 2014 the Board of Directors confirmed the automatic cancellation of 72,060 previously-granted SOs due to the departure of Company employees.

Following approval given at the General Shareholders' Meeting of 26 June 2013, on 19 September 2013 the Board of Directors adopted a new stock option plan for employees and granted 195,500 options to 41 beneficiaries, subject to performance conditions.

It should also be noted that following the capital increase in cash with preferential subscription rights which took place in July 2013 and in order to maintain the rights of beneficiaries share subscription option plans, subscription or purchase conditions (exercise price and number of shares) were adjusted so as to maintain the value of beneficiaries' shares. These adjustments were calculated in accordance with Articles L. 228-99 and R. 228-91 of the French Commercial Code.

The summary of the share options at 31/12/2013 is available in note 16 of the consolidated accounts.

Share Purchase Warrants (BSAs)

The Board meeting of 17 July 2013 recorded the automatic cancellation of 40,000 BSAs previously granted due to the departure of two directors and the non-subscription of warrants by a third.

Following approval given at the General Shareholders' Meeting of 26 June 2013, on 19 September 2013 the Board of Directors adopted a share purchase warrant plan (BSA 2013) and granted 85,000 BSAs to 5 independent directors.

It should also be noted that following the capital increase in cash with preferential subscription rights which took place in July 2013 and in order to maintain the rights of beneficiaries' share purchase warrant plans, subscription or purchase conditions (exercise price and number of shares) were adjusted so as to maintain the value of beneficiaries' shares. These adjustment were calculated in accordance with Articles L. 228-99 and R. 228-91 of the French Commercial Code.

The summary of the share options at 31/12/2013 is available in note 16 of the consolidated accounts.

Free shares

No free share plan was implemented in 2013.

Capital that may be subscribed by employees and executives and diluted capital

Diluted capital on 31 December 2013 amounts to 21,895,090 shares. It consists of the share capital at 31 December 2013 (20,682,992 shares) plus the number of shares likely to be issued under allocation plans granting access to the Company's capital (1,212,098) as detailed below, representing potential dilution of 5.86%.

Plan designation	Beneficiaries	Adjusted(*) subscription price per share in Euros	Expiry date	Number of adjusted(*) warrants/options outstanding at 31/12/13	% dilution of share capital	AGGREGATE %
BSA - L	**Members of Scientific Committee**	2.32	04/04/2014	8,311	0.04	0.04
BSA 2011	**Independent members of Board of Directors**	€3.78	21/09/2017	40,213	0.19	0.79
BSA 2012		€3.90	13/09/2018	40,206	0.19	
BSA 2013		€4.01	19/09/2023	85,000	0.41	
SO 2010	**Executives**	€5.50	25/08/2020	10,365	0.05	1.55
SO 2011		€3.78	21/09/2021	211,113	1.02	
SO 2012		€3.90	13/09/2022	99,510	0.48	
SO 2010 (1)	**Employees**	€5.50	25/08/2020	79,846	0.39	3.47
SO 2010 (2)		€5.44	12/16/2020	16,799	0.08	
SO 2011 (1)		€3.78	21/09/2021	176,443	0.85	
SO 2011 (2)		€3.78	1/26/2022	2,011	0.01	
SO 2012 (1)		€3.90	13/09/2022	246,781	1.19	
SO 2013		€4.01	19/09/2023	195,500	0.95	
TOTAL				**1 212 098**	**5.85**	**5.85**

(*) After adjustment for the warrant subscription number and price following the capital increases of July 2011 and July 2013, in accordance with Article L.228-99 of the French Commercial Code (Board meeting of 28 July 2011 and 14 November 2013)

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 2013, Company employees did not have any share capital of the Company as part of any collective shareholding scheme.

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	Share Price in €	Nominal amount of the capital increase/ reduction in €	Issue premium in €	Successive amounts of capital in €	Cumulative number of shares	Nominal value of shares
31/12/2009	Exercise of BSAs	1,500	2.95	375	4,050	3,224,583.50	12,898,334	€0.25
27/04/2010	Reserved capital increase	509,338	5.89	127,334.50	2,872,666.32	3,351,918	13,407,672	€0.25
25/08/2010	Acquisition of free shares	120,900	0	30,225	-	3,382,143	13,528,572	€0.25
10/02/2011	Exercise of BSAs	7,500	2.95	1,875	20,250	3,384,018	13,536,072	€0.25
15/05/2011	Acquisition of free shares	47,700	0	11,925	-	3,395,943	13,583,772	€0.25
01/08/2011	Capital increase with PSR maintained	3,395,943	4.90	848,985.75	15,791,134.95	4,244,928.75	16,979,715	€0.25
26/12/2011	Reserved capital increase	680,000	3.65	170,000	2,312,000	4,414,928.75	17 659 715	€0.25
04/02/2013	Reserved capital increase	250,000	5.22	62,500	1,242,500	4,477,428.75	17,909,715	€0.25
26/02/2013	Reserved capital increase	250,000	4.65	62,500	1,100,000	4,539,928.75	18,159,715	€0.25
25/07/2013	Capital increase with PSR maintained	2,496,960	3.50	624,240	8,115,120	5,164,168.75	20,656,675	€0.25
13/12/2013	Exercise of BSAs	26,317	3.58	6,579.25	87,725.90	5 170 748	20 682 992	€0.25

Changes in shareholding over the past three years

	31/12/2013		31/12/2012		31/12/2011	
	Number of shares	**% of share capital**	**Number of shares**	**% of share capital**	**Number of shares**	**% of share capital**
Main shareholders	**3 881 965**	**18.76**	**4,441,986**	**25.12**	**5,377,196**	**30.45**
Groupe Financiere de la Montagne	2,807,570	13.6	1,767,133	10.00	1,680,128	9.51
ING Belgium Group	-	-	1,076,175	6.09	1,076,175	6.09
IDInvest Partners (AGF PE)……	1,076,395	5.20	986,798	5.58	835,749	4.73
Other	**16,801,027**	**81.23**	**13,217,729**	**74.88**	**12,282,519**	**69.55**
of which treasury shares.....	13,671	0.06	5,283	0.02	15,480	0.08
Total	**20,682,992**	**100**	**17,659,715**	**100**	**17,659,715**	**100**

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 Jean-Pierre Colle, member of the Paris Institute of Statutory Auditors.

Grant Thornton was appointed when the Company was founded for a term of six 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 at the close of 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 Defense 1.

Represented by Beatrice 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 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 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 Defense 1.
Auditex SA was appointed by the Annual General Meeting of 29 June 2011 for a term of six 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 2013 is found in note 19 to the consolidated financial statements.

7.2.3 Information published by the Company

Date (in reverse chronological order)	**Type of information**	**Media used**
3 April 2014	BioAlliance Pharma répond aux conditions d'éligibilité du dispositif PEA-PME	Site internet de la Société, diffusion effective et intégrale
2 April 2014	BioAlliance Pharma signs a new licensing agreement with Daewoong Pharmaceutical Co., Ltd. for Sitavig®'s commercialization in South Korea	Company website - full, effective distribution
1 April 2014	BioAlliance Pharma provides an update on its partnerships for Loramyc®/Oravig® Regain of full U.S. commercialization rights as well as the New Drug Application. Achievements on development programs by Asian partners	Company website - full, effective distribution
31 March 2014	BioAlliance Pharma collaborates with Penn Pharma on the industrial development of Validive®	Company website - full, effective distribution
19 March 2014	Sitavig® licensing strategy: Execution of a license agreement with Innocutis for North America Positive opinion from French and German authorities for Marketing Authorization	Company website - full, effective distribution
27 February 2014	BioAlliance Pharma reviews the major company developments and announces its consolidated 2013 financial statements	Company website - full, effective distribution
18 February 2014	Strengthening and extension of industrial protection of Livatag® until 2031 First granting of a new European patent	Company website - full, effective distribution
4 February 2014	Signing of a contract by the Japanese partner of BioAlliance Pharma, Sosei, with Fujifilm Pharma, for the marketing of Loramyc® in Japan.	Company website - full, effective distribution
23 January 2014	Fast-track status awarded to BioAlliance Pharma for Validive® by the Food and Drug Administration (FDA) in the prevention and treatment of oral mucositis induced by anticancer treatment.	Company website - full, effective distribution
4 December 2013	Authorization received for the Phase III ReLive (Livatag®) trial in primary liver cancer in the United States and Germany	Company website - full, effective distribution

Date (in reverse chronological order)	**Type of information**	**Media used**
14 November 2013	BioAlliance Pharma strengthens the exclusivity of its product Sitavig® through the granting of two new patents • The industrial protection of Sitavig® is extended in the USA until 2029	Company website - full, effective distribution
14 November 2013	Quarterly Information to 30 September 2013. • Strengthening of cash position following the capital increase carried out in July • Livatag® ReLive trial: continuation of recruitment and confirmation of tolerance profile • Validive® Phase II trial: accelerated recruitment for results in 2014	Company website - full, effective distribution
22 October 2013	BioAlliance Pharma announces the third positive recommendation from the Independent Experts Committee to continue the Livatag® Phase III trial in primary liver cancer	Company website - full, effective distribution
21 October 2013	Launch of new BioAlliance Pharma website www.bioalliancepharma.com	Company website - full, effective distribution
30 September 2013	First sitting of the International experts Committee for oral mucositis and the Validive® development strategy	Company website - full, effective distribution
19 September 2013	Activity and results of the first half of 2013 • Marketing authorization received for Sitavig® in the United States • Commencement of international clinical trials for Livatag® (Phase III) and Validive® • Significant strengthening of cash position via capital increase in July 2013	Company website - full, effective distribution
19 July 2013	BioAlliance Pharma announces the resounding success of its capital increase • Gross amount raised: 8.7 million Euros • Operation 155% subscribed • Exercise of extension clause	Company website - full, effective distribution
10 July 2013	BioAlliance Pharma extends and strengthens its industrial property assets via the granting of 2 patents for Oravig® in the United States and Sitavig® in Japan	Company website - full, effective distribution

Date (in reverse chronological order)	**Type of information**	**Media used**
3 July 2013	BioAlliance Pharma obtains funding of €4.3m from bpifrance (formerly OSEO) to accelerate the industrial development of Livatag® • Creation of the NICE consortium: first channel for nanomedicine in France, BioAlliance Pharma is the lead member of the consortium	Company website - full, effective distribution
28 June 2013	BioAlliance Pharma launches an 8 million euro capital increase with retention of preferential subscription rights to accelerate the development of its two main orphan drugs (Livatag® and Validive®) • Subscription price: €3.50 • 5 million euros of subscription commitments from two benchmark shareholders (accounting for 63% of the issue) • Parity: 1 new share for 8 existing shares • Subscription is open between 2 July and 12 July 2013	Company website - full, effective distribution
27 June 2013	Combined General Meeting of BioAlliance Pharma: Appointment of Russell Greig and Danièle Guyot-Caparros, Independent Directors	Company website - full, effective distribution
10 June 2013	BioAlliance Pharma announces the start of the Phase II clinical trial of Validive® in the United States	Company website - full, effective distribution
7 June 2013	Publication of notice of meeting for the Combined Shareholders' Meeting on 26 June 2013	Mandatory legal notice (BALO) no. 68
5 June 2013	Combined Shareholders' Meeting on 26 June 2013: Availability of preparatory documents	Company website - full, effective distribution
27 May 2013	BioAlliance Pharma presents results for Sitavig® to the 10th EADV symposium	Company website - full, effective distribution
20 May 2013	Prior notice to the Combined General meeting of 26 June 2013	Mandatory legal notice (BALO) no. 60 Legal journal *Petites Affiches*
13 May 2013	BioAlliance Pharma announces the positive recommendation from the Experts Committee to continue the Livatag® Phase III trial in primary liver cancer	Company website - full, effective distribution

Date (in reverse chronological order)	**Type of information**	**Media used**
19 April 2013	Publication of the 2012 Reference Document	Company website - full, effective distribution
15 April 2013	Sitavig® receives its Marketing Authorization in the United States for the treatment of Herpes Labialis • For the second time, BioAlliance Pharma registers a drug in the United States • An effective and innovative drug for the treatment of recurrent labial herpes	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 • Successful milestones reached for all clinical programs in the Orphan Drugs in Oncology portfolio; • First registration in Europe for Sitavig®; • Signing of a licensing agreement to market Oravig® in the United States; • Growing sales and operational costs under full control.	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
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
1 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

Date (in reverse chronological order)	**Type of information**	**Media used**
3 January 2013	BioAlliance Pharma obtains a COFACE export guarantee	Company website - full, effective distribution

Furthermore, in accordance with Article L. 233-8 II of the French Commercial Code and Article 223-16 of the General Regulations of the *Autorité des Marchés Financiers*, every month the Company publishes the number of shares and voting rights which make up its capital.

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 financial data on annual and consolidated accounts presented in this document are the subject of reports by the statutory auditors which can be found on:

- Page 135 for the report on the consolidated accounts
- Page 168 for the general report on the annual accounts

These reports contain one observation relating to the conditions of application of the principle of a going concern.

It should be noted that the historical financial information for the fiscal years 2012 and 2013 is included in the document for reference purposes, and is the subject of reports by the statutory auditors, found respectively on:

- Pages 114 and 151 of the Reference Document - 2011 Annual report filed on 24 April 2012, which contains a comment concerning ongoing litigation with Spepharm and Spebio, and with Eurofins;
- Pages 153 and 187 of the Reference Document – 2012 Annual report filed on 18 April 2013, which contains a comment concerning ongoing litigation with Spepharm and Spebio, and with Eurofins.

April 7, 2014,

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.

	Sections (page)
STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	**8 (P. 200)**
MANAGEMENT REPORT	
Analysis of financial results, financial position, remuneration of directors, risks and the list of authorizations to increase the share capital of the parent company and the consolidated group. (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	2 (p. 11) 3 (p. 31) 5.1.2.2 (p. 74) 7.2.2.2 (p. 184)
Disclosures required by Article L. 225-100-3 of the French Commercial Code on items that may have an impact on a public tender offer	7.2.2.1 (p. 179)
Disclosures on share buyback programs (Article L. 225-211, para. 2 of the French Commercial Code)	7.2.2.2 (p. 184)
FINANCIAL STATEMENTS	
Parent company financial statements	6.3 (p. 137)
Statutory auditors' report on the parent company financial statements	6.4 (p. 168)
Consolidated financial statements	6.1 (p. 98)
Statutory auditors' report on the consolidated financial statements	6.2 (p. 135)

CROSS-REFERENCE TABLE OF THE REFERENCE DOCUMENT

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.

Annex I of EC Regulation no. 809/2004		**Reference Document**
		Chapter(s) / Section(s)
I.	**Persons responsible**	**8** (p. 200)
II.	**Statutory Auditors**	**1.2.3** (p. 9) **7.2.2.3** (p. 193)
III.	**Selected financial data**	
1.	Selected historical financial data	1.3 (p. 10)
2.	Selected financial data for interim periods and comparative data covering the same periods of the preceding financial year	N/A
IV.	**Risk factors**	**5.2.1** (p.81)
V.	**Details of issuer**	
1.	Corporate history and development	7.2 (p. 178)
	1.1. Registered and trade name	7.2.2 (p. 179)
	1.2. Issuer location and company registration number	7.2.2 (p. 179)
	1.3. Date of incorporation and term of the issuer	7.2.2 (p. 179)
	1.4. Registered office and legal form of the issuer, legislation governing its activities, country or origin, address and telephone number	7.2.2 (p. 179)
	1.5. Significant events in the development of the issuer's activity	2.1 (p. 11) 7.2.1 (p. 178)
2.	Investments	3.2 (p. 33)
VI.	**Business overview**	
1.	Main activities	1.1 (p. 5)
	1.1. Type of operations carried out by the issuer and its main activities	1.1 (p. 5)
	1.2. Important new product or service launched on the market	4.2 (p. 43)
2.	Main markets	4.2 (p. 43)
3.	Events that have influenced the information supplied in accordance with points VI and VI.2	N/A
4.	Issuer's degree of independence as regards patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	4.1.4 (p. 41)
5.	Basis of any declaration by the issuer concerning its competitive position	4.2 (p. 43)

VII.	**Organization chart**	**2.1** (p. 11)
VIII.	**Property, plant and equipment**	**7.2.2.1** (p. 179)
IX.	**Review of financial position and results**	**3** (p. 31)
X.	**Cash and capital**	**3.2** (p. 33)
XI.	**Research and development, patents and licenses**	**4** (p. 37) **4.1.4** (p. 41)
XII.	**Information on trends**	**2.2** (p. 15)
XIII.	**Profit forecasts or estimate**	**N/A**
XIV.	**Administrative, management and supervisory bodies and executive management**	
1.	Information on activities, absence of any conviction and terms of office	5.1.2.1 (p. 65)
2.	Information on conflicts of interest, arrangement or agreement concluded with third parties and restriction on the sale of shares	5.1.2.1 (p. 65)
XV.	**Remuneration and benefits of the persons referred to in point XIV.1**	**5.1.2.2** (p. 74)
XVI.	**Functioning of the administrative and management bodies**	
1.	Expiry date of the current term of office of members of the administrative, management and supervisory bodies	5.1.2.1 (p. 65)
2.	Information on service contracts involving members of the administrative, management and supervisory bodies of the issuer or of any of its subsidiaries	5.1.2.1 (p. 65)
3.	Information on the issuer's audit committee and remuneration committee	5.1.1.2 (p. 74)
4.	Compliance with the corporate governance regime in force	5 (p. 59) 7.2.2.1 (p. 179)
XVII.	**Employees**	
1.	Number of employees at the end of the period covered by the historical financial data or average number during each financial year of this period and distribution of employees	2.3.1 (p. 17)
2.	Holdings and stock options: for each of the persons covered by point XIV.1, information regarding their holding in the share capital of the issuer and any existing option on its shares	5.1.2.2 (p. 74)
3.	Agreement providing for employee participation in the issuer's capital	7.2.2.2 (p. 184)
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XX	**Financial data on the issuer's assets and liabilities, financial position and results**	
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3.	Annual financial statements (parent company and consolidated financial statements)	6.1 (p. 98) 6.3 (p. 137)
4.	Verification of historical financial data 4.1. Statement certifying that the historical financial data have been verified 4.2. Other information contained in the reference document and verified by the statutory auditors 4.3. When financial data appearing in the reference document are not derived from financial statements verified by the issuer, state its source and stipulate that it is not verified	 6.2 (p. 135) 6.4 (p. 168) 5.2.4 (p. 94) 6.6 (p.169) N/A
5.	Date of latest financial data verified	6.5 (p. 170)
6.	Interim and other financial data	6.5 (p. 170)
7.	Dividend policy	6.5 (p. 170)
8.	Legal and arbitration proceedings	6.3 (p. 137)
9.	Significant change in the financial or commercial position since the end of the last financial year	N/A
XXI.	**Additional information**	
1.	Share capital 1.1. Amount of capital subscribed, number of shares issued, nominal value per share and reconciliation of the number of shares outstanding at the beginning and end of the financial year 1.2. Shares not representing capital 1.3. Number, book value and nominal value of shares held by the issuer or its subsidiaries 1.4. Securities that are convertible or exchangeable or come with subscription warrants 1.5. Information on the conditions governing any right of acquisition and obligation attached to capital subscribed but not paid up, or on any undertaking aimed at increasing capital 1.6. Information on the capital of any member of the Group that is the subject of an option or agreement providing for it to be placed under option 1.7. History of the share capital for the period covered by the historical financial data	**7.1.2** (p. 176) **7.2.2.2** (p. 184) N/A 7.2.2.2 (p. 184) 7.2.2.2 (p. 184) 7.2.2.2 (p. 184) 7.2.2.2 (p. 184)
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XXIII	**Information provided by third parties, valuers' / experts' declarations and declarations of interests**	**7.2.2.1** (p. 179)
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2	**Environmental information**	**2.3.2** (p. 27)
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	Informing and training employees about environmental protection	2.3.2.A, a (p. 27)
	Resources dedicated to the prevention of environmental risks and pollution	2.3.2.A, b (p. 27)
	Provisions and guarantees for environmental risks	2.3.2.A, c (p. 27)
	Pollution and waste management	2.3.2.B (p. 28)
	Prevention, reduction or recovery of emissions into the air, water and ground	2.3.2.B, a (p. 28)

	which cause serious environmental damage	
	Waste production prevention, recycling and waste disposal	2.3.2.B, b (p. 28)
	Noise pollution	N/A
	Other forms of pollution specific to a particular activity	2.3.2.B, c (p. 28)
	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	**Corporate information**	**2.3.3** (p. 28)
	Local, economic and social impact of the company's activities	N/A
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	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)	All 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 d'Actions* (French share purchase warrants).
CNRS	*Centre National de la Recherche Scientifique* (French national scientific research centre).
CRO	Contract Research Organization – *Organisation de recherche sous contrat*.
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 – *Agence Européenne du Médicament*.
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.
Serious Adverse Event	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.

TERM	DEFINITION
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 physician with suitable 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.
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.
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 trials performed after the MA. It is carried out on a significant 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.

TERM	DEFINITION
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.